



THE INDEPENDENT

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WEATHER: Sunshine and scattered showers

(R 45p) 40p

COMMENT

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IN THE TABLOID

GLENDA COOPER:
FAT WOMEN - THE
NEW UNDERCLASS?

STARTING TOMORROW

SHORT BREAKS IN AMSTERDAM
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Hague tells his party to stop the moaning and unite

Anthony Bevins
and Colin Brown

William Hague last night scored a surprise, runaway victory in the final ballot for the Conservative leadership, becoming the youngest leader of the party for more than two centuries.

Formally taking the leadership from John Major at a full party meeting in Conservative Central Office, Mr Hague appealed for an end to "belly-aching" and promised to put his leadership to a special conference of party members in a secret ballot.

"If they can back me or sack me," he said, "because without the endorsement of members in the constituency we will not be able to embark on a challenge so great as the one that faces us."

The result of the final round of the leadership ballot, announced to MPs in a Commons committee room little more than an hour earlier, gave Mr Hague 92 votes to Kenneth Clarke's 70, with two abstentions.

The delight of some MPs was

marred for others by the soap announcement of Mr Clarke, the former Chancellor of the Exchequer, that he would not serve in Mr Hague's Shadow Cabinet and would be returning to the backbenches for the first time in 26 years.

The bitterness of his defeat was underlined by the fact that Mr Clarke had led in every other ballot of MPs - and, more significantly, of the party grassroots activists. He led yesterday's test of constituency and party opinion by 3 to 2 for Mr Hague, yet that ballot was patently spurned by the party's 164 MPs.

A statement from the office of John Redwood, whose "marriage from hell" brought Mr Clarke a mere six additional votes, said there would be no immediate statement from him. Francis Maude, one of the Hague campaigners, said he suspected some MPs had woken up yesterday to realise that such deals were not the way to elect a leader. "This is the first time in many years," he said, "when faced with a choice between something stupid and wrong,



First choice: William Hague yesterday, after winning a decisive 92 votes in the Conservative leadership race

Photograph: John Voos

and something sensible and right, the Conservative Party has made the correct decision."

The result was also welcomed by Paddy Ashdown, who invited disaffected Tories to "find a welcome home with the Liberal Democrats".

In the Commons Chamber, Labour MPs greeted the news by cheering and waving their papers in the traditional parliamentary gesture of delight.

However, the Opposition welcomed did not diminish the equally genuine pleasure of Mr Hague's supporters. When the result was announced by Sir Archie Hamilton, chairman of the backbench 1922

Committee, one of Mr Hague's party fans shrieked with delight in the corridor outside committee room 10, shouting: "Yes, yes, yes. God is a Conservative after all."

Mr Hague, 36, and a man who was outside the Cabinet just two years ago, is the youngest Conservative leader since Pitt the Younger, 24, in 1783.

He told the Central Office meeting: "Be prepared for some changes in this party because the way we conduct ourselves is going to change. The days of disunity, of factions and wings, and groups within groups, and parties within parties, must come to an end."

"If anyone doubts I mean it, I say this to them - just try me. I won't always be as friendly as I look. If I have to, I will put some noses out of joint."

Earlier, he said he would be asking Mr Clarke to serve under him, but the former Chancellor respoonded shortly afterwards: "I've explained to William that long before the campaign started, immediately after the general election, I had decided that I wouldn't serve in the Shadow Cabinet if I did not become the leader. This has absolutely nothing to do with the events of this leadership campaign, which we have all set behind us and which was a perfectly reasonable campaign."

The party will also lose the services, on the frontbench, of Michael Heseltine, another veteran and the former Deputy Prime Minister, who had campaigned hard for a Clarke win.

Mr Hague is expected to award his two key backers - Peter Lilley and Michael Howard - with the top jobs in his Shadow Cabinet, with Mr Lilley taking the shadow Chancellor's post and Mr Howard shadow Foreign Secretary.

Gillian Shephard, who had backed Mr Lilley in the first round, before switching to Mr Hague, will also get the reward of a top job. There was speculation she may become shadow

Home Secretary. Brian Mawhinney, the party chairman, has offered to continue under the new leader.

There was dismay among the Clarke supporters at the extent of his defeat but Hague supporters wanted revenge against Mr Redwood. "Redwood is a liability; he has been shown he cannot deliver his support and he is not attractive to people in the country," said one Tory MP.

That was not the impression that had been left by Baroness Thatcher - who had devoted a good deal of effort to twisting the arms of Redwood supporters to switch to Hague. She said last night: "It's been a good day."

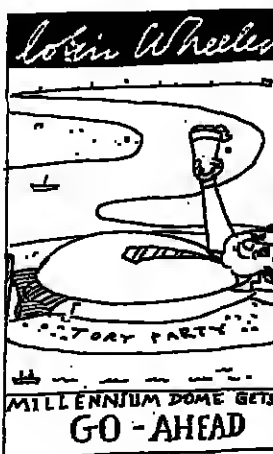
'I see it as my job not only to lead the party but to heal its divisions'

William Hague
(92 votes)

'I propose to take an active part in politics from the back benches'

Kenneth Clarke
(70 votes)

Blair rescues Millennium project



Cavaliers and Roundheads, page 9

Fran Abrams and
Christian Wolmar

Tony Blair took the biggest gamble of his prime minister's career yesterday when he personally intervened to save the Millennium Exhibition in Greenwich, south-east London.

However, uncertainty still dogs the future of the project. Mr Blair said it was dependent on the scheme meeting five criteria of viability. Millennium Central, the exhibition organiser, was prevented from issuing details of the project because of ministers' concerns about the contents of the Lord Rogers-designed dome.

The £38m project, which had been in danger of being abandoned following a comprehensive review, will be re-



Who knows what the original sketches of the Hanging Gardens of Babylon looked like, or the rough drawings of the pyramids? They were built because of political vision and a commitment to art. Now Tony Blair's legacy to the nation will be the greatest exhibition centre in the world.

The Independent's new architecture correspondent, Nonie Niesewand, in The Tabloid

launched next week and new executives brought in to run it. New designers are also expected to be brought in. The fact that so much still remains to be decided for the project, which must be completed by September 1999, compounds the personal risk taken by Mr Blair.

Under the new criteria, the project must have a lasting legacy; its content must be improved; based on the concept of "giving Britain a window to the future"; the nation must be included; there must be new management; and there must be no public expenditure apart from £20m spent on land reclamation.

The National Lottery Fund has already allocated £200m plus a further £250m which would be available if needed but

is almost certain to be used. Ticket sales are expected to raise about £200m, which on the calculation of 10-12 million visitors assumes that entry will cost around £20.

While Chris Smith, Secretary of State for National Heritage, will remain in overall charge, Peter Mandelson, Mr Blair's ministerial bagman, will be in charge of pushing the plans through.

David Quarumby, chairman of the British Tourist Authority, welcomed the move, saying the Millennium Exhibition "will be the jewel in the crown of Millennium year in Britain and could account for bringing an additional £300-£500m of overseas visitor revenue to Britain in the year 2000."

London First, which represents business in the capital, said it welcomed the decision but warned: "The private sector must now be fully involved in the way that it has not been up to now with both the funding and management of the project."

However, Opposition sources hinted that Labour had been playing a double game when it cast doubt on the future of the exhibition during the election.



BOWLED OUT



BOWLED OVER

Black hole raises spectre of Budget tax rises

Tom Stevenson
Financial Editor

The prospect of big tax rises in Gordon Brown's first Budget increased yesterday, as the Government unveiled a £20bn "black hole" in the public finances. The warning that the Government was considerably worse off than previously forecast was seen as an attempt to soften up the financial markets and Labour's back benches for higher taxes and a tightening of the screw on public spending.

The dramatic shortfall emerged as Gordon Brown, the Chancellor of the Exchequer, announced a series of changes to the assumptions used by the Treasury in drawing up its economic forecasts. Those changes mean the Government now expects it will be forced to borrow £7bn more from the money markets in five years time than the previous Chancellor, Ken Clarke, suggested in his final Budget last November.

Having fought the election campaign on a promise not to

raise personal taxes, yesterday's move increases the likelihood that business will bear the brunt of the Chancellor's need to raise revenue. An attack on the tax credits enjoyed by pension funds now looks probable.

The Government predicts similar but smaller shortfalls in all the next five years, providing ammunition for the Chancellor to clamp down on excessive requests from spending departments. His hard-line position was further bolstered this week by retail sales figures showing a continuing boom.

Speculation is rising that interest rates will have to rise again to choke off demand.

In a bid to present the changes as part of a move towards more open government, Mr Brown commissioned the independent National Audit Office to scrutinise the assumptions and received its endorsement yesterday.

Mr Brown said yesterday: "Budgets must be built on honest foundations... It is the first time that any chancellor has opened up the Treasury's forecasting assumptions to such

open and independent scrutiny."

The main changes in the government's assumptions are a reduction in its expectations for the long-term trend of economic growth, and a less rosy view of the savings that can be made from clamping down on social security fraud.

The Government has also said it will not count on any privatisation proceeds until legislation is in place for any state self-off, and it will use information from the financial markets to forecast interest rates rather than open itself up to claims of

political interference by using Treasury experts to predict the cost of borrowing in future years.

Finally, Labour has committed itself to using a more pessimistic assumption for the number of jobs than Mr Clarke who last year broke with tradition by forecasting a fall in the unemployment rate.

Although presented as no more than a move towards greater transparency, economists in the City described yesterday's announcement as "an exercise in public relations".

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Ivory ban lifted
The international trade in elephant ivory can start again after a conference on endangered species agreed to relax a ban on the export of tusks.

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significant shorts

Patients face fine in curb on prescription fraud

A crackdown on prescription fraud to save the NHS £100m a year was announced by the Government yesterday. Patients who evade the £5.60 prescription charge will be liable to a fixed penalty fine and a new criminal offence will be introduced for doctors, pharmacists or others who cheat the system. Alan Milburn, the Minister for Health, said the scale of the losses, revealed by a government efficiency scrutiny, was staggering – enough to pay for 14,500 heart bypass operations or 6,500 kidney transplants.

In a few cases doctors and pharmacists had invented non-existent patients. In one case in Leeds a doctor and a pharmacist had made about £1m. Anti-counterfeiting devices are to be introduced into the printing of prescription forms and a reward scheme set up for pharmacies that detect stolen forms. Mr Milburn said: "This government is not prepared to tolerate this kind of law-breaking in the NHS. Those who are currently defrauding the health service and the taxpayer should be under no illusion. We will find you and we will punish you."

Jeremy Laurence

Boy, 13, dies after taking Ecstasy

The death of a 13-year-old schoolboy yesterday four days after he was pushed to hospital in an Ecstasy scare has prompted fresh protests over tolerance of drug-taking. Andrew Woodcock was taken to hospital on Saturday with two other youngsters. He is believed to have taken a form of the rave drug Ecstasy. A 13-year-old boy, who cannot be named, and Steven MacFarlane, 19, of Holytown, Lanarkshire – appeared in court at Hamilton on Tuesday. A 22-year-old man appeared in at Hamilton Sheriff Court yesterday charged in connection with the misuse of drugs.

Kray jury sent home for the night

The jury at Woolwich Crown Court in south-east London, trying Charlie Kray, 70, on cocaine charges was sent home for a second night. The court has been told that the older brother of former gangland twins Reggie and Ronnie masterminded a deal to provide five kilograms of the drug a fortnight for two years.

Godmother of 'EastEnders' dies



Julia Smith, (left) the co-creator of *EastEnders*, has died. The BBC said that the woman known to the cast as "the godmother" died yesterday at the Royal Marsden Hospital in London, after a short illness. She was in her mid-60s.

Alan Yentob, the BBC's director of television, said: "Julia's feel for drama, her drive and energy were legendary in her 30-year programme making career at the BBC. There can be no more visible and enduring tribute to her distinguished track record in creating high quality, popular drama than BBC1's *EastEnders*." Jane Harris, the series producer, said: "*EastEnders* owes everything to Julia who, with Tony Holland, was the creator and founder of the programme."

Rail firm may target union dues

Management at the South-east rail network disrupted by an overtime ban yesterday threatened to take action against Aslef, the drivers' union. Connex South Central is expected to end the arrangement whereby union subscriptions are deducted from wages – thus depriving Aslef of substantial income. Connex will once more cancel 300 trains today.

Barrie Clement

Workers on track for cash windfall

About 1,200 workers at Pastline, a York-based railway track renewal company, stand to receive windfall payouts of around £3,000, it emerged yesterday. The company is being taken over by Jarvis, the railway services and construction company, and four senior managers will become instant millionaires as a result.

people



COEUR DE LION: The British yachtsman Pete Goss receiving the Légion d'Honneur from the French president, Jacques Chirac, at the Elysée Palace yesterday for rescuing a French yachtsman Raphael Dinelli, from the Southern Ocean in December (Photograph: Reuters)

I made a mistake, says the carpetbagger king

Michael Hardern, the man who promised punters millions of pounds, has taken it all back. A freelance butler, Mr Hardern cancelled his plans to force the Nationwide Building Society to convert into a bank. He had, he apologised, "made a mistake".

To the thousands of carpetbaggers who, drunk on windfalls from other converting building societies, had ploughed money into the society, it was a big mistake. Mr Hardern and his group of rebels had promised that savers would get £1,000 apiece if he pulled off his plan to force the society to follow the Halifax in becoming a bank.

He and four others are still standing for election to the Nationwide board and the result of voting will be announced on 24 July.

As a result of their campaign, the society had stopped taking deposits.

He explained his dramatic U-turn yesterday at a press conference for City journalists in central London. "I was wrong. I made a mistake," he said. The Nationwide becoming a bank "does not make sense at the moment. People don't like banks, people hate banks; they loath and detest banks".

He outlined his vision for the society and said he would like to see it selling Internet terminals and perhaps items such as coffee, cars and holidays.

He said the Nationwide's chief executive, Brian Davis, had "convinced me there is something in mutuality", but insisted that members would still receive £1,000 each.

Responding to Mr Hardern's announcement, a Nationwide spokesman said: "If it is true, we are very pleased to hear he supports our belief that our customers are better-off with us being a building society."

Clare Garner

Smith joins Labour's first estate



Baroness Smith, widow of the late Labour leader, opening a new street yesterday named after her husband.

Lady Smith unveiled John Smith Avenue on the Clem Attles Estate in Fulham, west London, as part of celebrations to mark the completion of the first phase of a redevelopment on the estate.

She was joined by the widow of the former Labour mayor of Hammersmith, Len Freeman, who died in 1995 and has also had a street named in his memory.

Opened in 1957 by the leader of Labour's post-war government, the estate has been rebuilt in a £10m scheme by Notting Hill House Trust in partnership with

Wimpey Homes and Hammersmith and Fulham Council.

Touring the estate yesterday, Lady Smith said: "I'm very excited and very impressed by this project. The estate looks like a very pleasant environment in which to live. The reason I agreed to come along today was because this project seems to be making a real difference to people's lives."

Once a series of high-rise blocks, the estate now sports a mix of low-rise houses and flats.

Nail Newton, managing director of the London Borough of Hammersmith and Fulham, said: "If people are happy and proud of the community in which they live they will take good care of it."

Frank Warren held by VAT man

Frank Warren's colourful rise from bookmaker's son to boxing promoter took another twist yesterday when he was arrested yesterday by Customs and Excise officers investigating alleged VAT evasion.

Mr Warren and another man were held during raids in Essex and Hertfordshire. Both men were being questioned as inquiries continued.

Mr Warren's office refused to comment on his arrest but said a statement would be made later.

Since making his name as a boxing promoter, Mr Warren has branched out and now owns Bedford rugby union club. He has also been involved in publishing, television production, the leisure industry and property.

His biggest investment was the London Arena Stadium in the capital's Docklands. It has staged pop concerts as well as sporting events since its official opening in 1989.

Also in that year, Mr Warren, a father-of-four, was shot outside the Broadway Theatre in Barking, east London, one bullet missing his heart by an inch. Terry Marsh, the boxer, was acquitted of trying to murder his former manager.

briefing

INDUSTRY

Managers ignoring duty to protect staff from stress

Only one in eight managers are aware of official guidance on tackling stress in the workplace even though the problem is costing the economy £6bn a year, a report claimed yesterday.

The TUC and the Transport and General Workers Union are urging the Government to make sure that employers act on their legal duties to protect workers from stress. The report said that a legally enforceable code of practice should be launched to make sure that firms meet their responsibilities.

It highlighted a survey of T&G health and safety representatives which showed that stress was one of the main workplace hazards, usually caused by time pressures, too much work, under-staffing and long working hours.

More than two-thirds of those questioned said their management had done nothing to reduce stress at work, while only one in eight employers were said to be aware of Health and Safety Commission guidance on tackling stress.



HEALTH

Asthma epidemic exaggerated

Fears that the industrialised world is facing an epidemic of asthma and wheezing may be based on inaccurate information, doctors say.

Researchers who reviewed 16 studies of asthma in children and young adults conducted in six different countries all of which showed an apparent increase in the condition found the increase could be due to greater awareness among parents, changes in doctors' diagnosis patterns and lower tolerance of mild respiratory symptoms.

The researchers, from the British Medical Journal that future surveys must be based on standardised questions and objective measurements. "Until such studies have been performed on more than one occasion in the same population we believe the evidence for an increasing trend ... is weak," they say.

Jeremy Laurence

CONSUMERS

One in five homes sell in a week

Almost one in five homes on the market are selling in less than a week. The shortage of homes for sale is now the most severe for two years, a survey by the Black Horse estate agency says.

The situation has not been helped by the fact that more than 60 per cent of buyers have nothing to sell, it found. The post-election "feel-good factor" was encouraging more and more people to enter the market, but many were adding to the difficulties by insisting on finding their new home before putting their own property up for sale.

MARKETING

Price is right for the office lager

For the second year running, the only price that office workers are able to estimate accurately is the cost of a pint of lager, a survey published today has revealed.

When it came to the cost of everyday business items like yellow sticky notes or computer discs, managers and staff tended to wildly overestimate, the Prices Perceptions study for BT showed.

BT found that people know about the things that are important to them: the average guess of £1.73 for a pint was just 2p off the real average of £1.75. The object of its third such survey was to find out how aware people were of its latest cut in the price of national daytime calls, announced last month.

DAILY POEM

This is the Week

By John Mole

This is the week when you can hear a pin drop but mustn't pick it up, when all the facts stand to attention and you gaze in panic at their unfamiliar faces. This is the week when everyone seems to write faster than you do and asks for more paper, when the back of your friend's head is giving nothing away that is any use. This is the week of the surreptitious cough, the pen that runs out, the staggered dash to the toilet, the watched clock's ruthless lunacy. This is the week of the swot's apothecary, the rebel's bottoming-out, the cheer's come-uppance and the teachers' unreadable minds as their eyes meet yours. Then this is the term that is almost over except for the labs, the tall form order, the praise, the blame, the could-do-better which nevertheless are of less account than a life to be lived and summer waiting.

A prolific and distinguished poet, John Mole has also survived 34 exam seasons in the teaching profession. His Selected Poems are published by Sinclair-Stevenson and his latest children's book, *Hot Air*, by Hodder & Stoughton.

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Irish Rep	£5p	Portugal	£3.325
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هكذا من الأصل

What a judge said about McDonald's: They take advantage of animals, children and their workforce

...but they still
won a libel victory
over protesters

Patricia Wynn Davies
Legal Affairs Editor

The mighty McDonald's Corporation has emerged with only a partial victory from its epic libel battle against green campaigners Dave Morris and Helen Steel.

Closing the longest trial in English legal history, Mr Justice Bell awarded the fast-food giant £60,000 damages after ruling that the company had been libelled by many of the allegations in the now notorious "What's Wrong With McDonald's" factsheet first published by London Greenpeace in the late Eighties.

But the corporation was equally viewed as having secured a hollow victory and to have made, in hindsight, a miscalculation in bringing the case at all.

Mr Morris, 43, and Ms Steel, 31, who had to conduct their case themselves, succeeded in showing that the leaflet was true when it accused McDonald's of paying low wages, being responsible for cruelty to some animals and exploiting children in its advertising.

Quite apart from the fact that the so-called "McLibel Two" cannot afford to pay the damages awarded, even if they were willing to do so, the counter-victories and the fact that the High Court judge granted no injunction yesterday have put paid to any hope the company might have had that campaigning against its products, practices and corporate philosophy might cease.

Speaking to rapturous ap-

plause at a press conference after the ruling, Mr Morris, a former postman, and Ms Steel, a former gardener, claimed that they were the real victors. Ms Steel said: "McDonald's brought the case to stop the campaign. The campaign is continuing."

Charles Secrett, director of the campaign group Friends of the Earth and an expert defence witness at the trial, praised the couple's persistence in "standing up to what we view as a bully boy multi-national".

Immediately after the judgment, Mr Morris, Ms Steel and members of the McLibel Support Campaign began handing out leaflets to crowds gathered outside the law courts in London. Within a couple of hours details of the ruling appeared on the McSpotlight Internet site, which has already been accessed more than 13 million times. The judge has made no order for costs, which are estimated to have reached £10m.

Paul Preston, chairman and chief executive officer of McDonald's Restaurants, said: "We are, as you can imagine, broadly satisfied with the judgment. There are aspects of the judgment which we will have to review and we will do so when we have been able to study the full ruling in detail."

Mr Justice Bell took more than two hours to read out a 45-page summary of his three-volume judgment to a packed court. He said that the factsheet accused McDonald's of being responsible for starvation in the Third World; destroying vast areas of central American



Fast food: McDonald's won £60,000 in libel damages in the longest case in English legal history, but some call the win a hollow victory

Photograph: George Hunter

Burger firm wins, but at huge cost

McDonald's could have spent the £10m it spent on the trial on other things ...

■ 5,524,862 Big Macs in the UK (18,181,816 in the US). 20,408,163 Cokes.

■ An extra 1,496 staff, on £3.05 an hour, could have been employed for the entire period of the trial.

■ Nearly £4000 extra on each of the 2504 new McDonald's (three an hour) which have sprung up around the world during the 313 days of the trial.

Tom Hampson

Steel had also proved that McDonald's was "culpably responsible" for the cruel practices of restricting the movement of laying hens, broiler chickens and some pigs and of slitting the throats of some chickens while they were still fully conscious.

On employment practices, the judge said McDonald's Restaurants Ltd (UK), the second plaintiff and the corporation's British operator, paid its workers low wages "liberally helping to depress wages for workers in the catering trade", as the leaflet had alleged. But an allegation that the company was only interested in cheap labour was untrue, as was the suggestion that it exploited disadvantaged groups, particularly women and black people.

Mr Morris and Ms Steel had counterclaimed for libel against McDonald's, who issued leaflets

and press releases attacking the two defendants in the run-up to the beginning of the trial in 1994. The judge ruled that the McDonald's documents were defamatory because they wrongly claimed Morris and Steel published the factsheet knowing it to be untrue. McDonald's, however, had a defence of qualified privilege.

Legal controversy is set to continue. Mr Morris and Ms Steel now plan to sue former McDonald's inquiry agents who infiltrated London Greenpeace (no relation to the worldwide Greenpeace environmental organisation) and to take the corporation to the European Court of Human Rights in Strasbourg over what Mr Morris said was Britain's "oppressive" libel system which had denied them legal aid and a jury during the 314-day trial.

Suzanne Moore, page 21



On a roll: The McLibel Two outside court yesterday

rainforest; serving unhealthy food that caused a real risk of cancer of the breast and bowel, heart disease and food poisoning; lying when it claimed to use recycled paper; exploiting children with its advertising

and marketing; cruelty to animals; and treating its employees badly.

The judge said it was not true on the evidence that the corporation was guilty of the first four allegations, although some

of McDonald's promotional material that the food had a positive nutritional benefit "did not match" the reality of a product that was high in saturated fat and salt.

But he upheld Mr Morris and

Donald's. Mr Morris and Ms Steel's claim that the company's advertising and marketing exploited children by using them, as more susceptible subjects of advertising, to pressure their parents into going to McDonald's. Mr Morris and Ms

The truth about how Noddy was framed

William Hartston

After almost 20 years, a case of wrongful conviction has been exposed in a prize-winning essay by a 14-year-old New Zealander. The Toytown One, also known as Noddy, has been found innocent of all the charges of political incorrectness on which he was convicted in the 1970s.

The new evidence, entitled "Was Noddy Framed?", is based on a statistical analysis by Tom Hallet-Hook of all 23 of Enid Blyton's Noddy books.

His conclusions, which won him a mathematics competition in Auckland, reveal that contrary to general belief very little crime in Toytown was committed by the golliwogs; Tessie Bear, often portrayed by feminists as a poor role model, is assertive and full of initiative; and the milkman, often criticised for Noddy-abuse in fact hit him on the head only three times.

Since the first accusations of Toytown political incorrectness were made in the 1960s, Noddy and his friends, in print and on television, have undergone several changes.

First the golliwogs were changed into goblins, then all references were excised to Noddy and Big Ears smuggling up in the same bed, while Noddy himself was no longer allowed to feel "queer".

Even PC Plod was not PC enough, and had to stop being so aggressive. Yet, even without the golliwogs, Hampshire County Council deemed Noddy to be "too sensitive" an issue to send out information to its schools on a stage production of the stories in 1993.

When negotiations began two years ago to screen a television version of the Noddy stories in America, Big Ears ran into problems. The network showing the programmes "could not be seen to sustain discrimination" against people

with large ears. So they called him White Beard instead.

Sales of the Noddy books appear unaffected by all the controversy. Last year, Trocadero plc, paid £13m for the remaining 43 years of copyright to the works of Enid Blyton, who died in 1968. Her books continue to sell more than 8 million copies a year; Noddy alone has accounted for more than 100 million sales since his first appearance in 1949.

Now his readers can relax in the knowledge that all charges against him are unjustified. Only 6 per cent of all the naughtiness in the Noddy books is committed by golliwogs and all allegations of a sadomasochistic relationship between the Milkman and Noddy is unfounded.

"Also," Tom Hallet-Hook explains, "Noddy's head was made out of wood and they explained that it didn't hurt."

Big Ears was not available for comment.



Still best of friends: Noddy and Big Ears

Trade in ivory can start again as ban on tusk exports is lifted

Nicholas Schoon

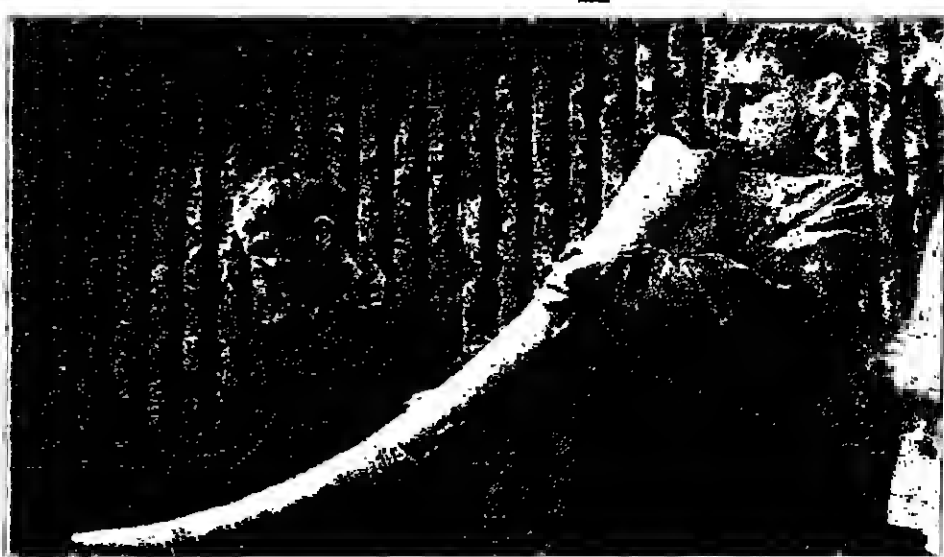
A legal, international trade in elephant ivory can start again, after nations voted yesterday to relax a seven-year total ban on tusk exports.

In just under two years, Zimbabwe, Botswana and Namibia can start selling 59 tonnes of ivory from their stockpiles to Japan, provided both exporters and importers prove they have the means to monitor and control this "closed loop" trade.

Some pressure groups, including the RSPCA, condemned the vote at the CITES treaty conference on trade in endangered species in Harare, Zimbabwe. They said it was bound to lead to an increase in poaching, which led to the slaughter of hundreds of thousands of African elephants in the last two decades.

But the World Wide Fund for Nature (WWF), the world's leading wildlife conservation group, welcomed the fact that there were stringent conditions to be fulfilled before trade restarted. It also announced a grant of £43,500 to the three would-be exporters, to help them set up controls and monitoring systems.

"It's vital to make sure all the



safeguards are in place. If they are, this decision could work in favour of wildlife conservation," said a WWF spokeswoman.

The 76 in favour, 21 against vote, in which Britain and the rest of the European Union abstained, is a huge breakthrough for those nations and businesses in favour of exploiting wildlife as if it were any other natural resource. They say the important issue is that it should be done sus-

tainably. Zimbabwe, Namibia and Botswana argued that they had healthy and growing elephant populations which needed to be kept in check. They want to spend the money from selling ivory from elephants which were culled or died of natural causes on wildlife conservation, and to benefit communities living in elephant areas.

But an expert panel set up in advance of the CITES treaty

meeting found shortcomings in the way the three kept tabs on its ivory stockpile and stopped illegal smuggling. The panel also felt Japan could not guarantee that its ivory imports were received by licensed traders and ivory workers.

Initial proposals by the three countries to allow them to sell ivory to Japan were rejected in Harare earlier this week. But a working group was set up which

proposed further restrictions. No trade would be allowed if the CITES executive committee was not satisfied with the control and monitoring measures drawn up by the four countries. And it would also be banned again if poaching flared up once more. It was this proposal which was voted for, in a secret ballot, with Zimbabwean officials leading African delegates in singing and dancing.

Dr Arthur Lindley, the RSPCA's head of wildlife who was at the treaty meeting, said: "I think poachers will see this as a green light. They're not going to read through a four-page CITES resolution to learn about restrictions and conditions."

The ivory decision came a day after delegates imposed controls on trade in the over-fished, endangered sturgeon and its caviar. But they voted to reject a South African proposal to reopen a legal international trade in rhinoceros products, including horn.

Photograph: Tom Pilston

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the tory leadership

DAVID
AaronovitchPolitical spectres
point the way

Just before Archie Hamilton, the chairman of the 1922 Committee, announced the result of the final ballot for the Tory leadership, odd apparitions – the ghosts of the recently defeated – mingled with live Tory MPs in the stuffy committee corridor. Allowed furloughs from Hades, Hugh Dykes RIP, the late Olga Maitland, the departed Nirj Deva and Jacques Arnold (who buzzes now in a darker place), shook hands with the living. These wraiths – half ectoplasm, half Chateaufort du Pape – waited about like walking epitaphs, “as I am – so shall ye be!”

And for once, they were heeded. Their quick colleagues finally did what they always had to do, and elected Billy the Kid. In so doing they opted for an unknown future, rather than an all too familiar past. In the public crannies of the House various spotty, pin-striped barons with slicked back hair, cheered heartily as the result was made public. Their party can now move forward, even if they haven't the faintest idea where to.

The manner of the victory, achieved in such a messy and silly fashion, will soon largely be forgotten. The lingering memory will be of the bizarre Clarke-Redwood ticket, which had all the appeal that a Hattersley-Livingstone alliance to defeat Kinnoch would have had back in 1983. The idea of sticking together “big-hitters”, whose main predilection would have been for hitting each other, was like something from a Michael Dobbs novel. Next thing we know Tory MPs will be having it off on the Speaker's Chair during recess.

But we can now expect that every time the infant Hague slips up (and he will. After all, would you care to fashion a shadow cabinet out of that lot?), someone will say that things would have been better under Clarke. And certainly the lunches would have been more fun, the exchanges at Prime Minister's Questions more humorous.

Clarke's essential unseriousness, however, was quickly demonstrated by his refusal to serve under Hague. Just as he couldn't be bothered to argue for the essential modernisation of his party over the last five years, so he cannot be fagged to contribute to the process now. How he would have coped with the phenomenal self-discipline and determination of our present Prime Minister is not at all clear.

That is Billy's role now. And Mr Hague's political talents should not be under-estimated – as babies go, he is a very clever one. There may have been complaints about his various tergiversations in the last week, but this leadership election was not one in which any candidate was ever going to emerge looking good.

But what will he do? Or, rather, what is he – and his party – for? What is their “project”? For opposition, as Mr Blair will tell him, is not enough. Nor is a vague (if powerful) desire to get back into power. Nor, even, is the retention of a clever ad agency, or the employment of a subtle communications director.

Let us take it for granted that Hague – as a modern man – understands the need to democratise his party, and to reinvigorate it. But it needs a purpose.

The danger of triumphant new Labour is always that – despite its rhetoric – it will be too bossy; that it will ban too much, not devolve sufficiently, sacrifice the individual too often. This leaves room for a new Opposition, but one which turns its back on the old right, on the old authoritarianism, on the ancient intolerances – and which stands for small government, the awkward individual and gay rights.

Or there's always the Liberal Democrats.



Victorious: William Hague greeting the press outside Central Office in London after the result was announced yesterday

Photograph: Brian Harris

Clarke's fatal false move

Colin Brown
Chief Political Correspondent

The pact between Kenneth Clarke and John Redwood last night proved fatally flawed, as Mr Redwood's supporters refused to follow him and switched their votes to William Hague.

The Hague campaign had targeted the Redwood supporters' doubts in the final hours before the voting began. Mr Hague sent a personal message to selected Tory MPs with cuttings from the morning newspapers, condemning the pact as a “marriage made in hell”.

Clarke supporters claimed

the move would backfire, but it touched a raw nerve with Mr Redwood's Euro-sceptic supporters who had spent an agonising 24 hours since the alliance was announced deciding whether to vote for a Europhile, or desert Mr Redwood. In the end they refused to vote for Mr Clarke.

Michael Portillo yesterday joined Baroness Thatcher and Norman Lamont in the last push behind Mr Hague's campaign to stop Mr Clarke winning the leadership.

Both sides went all out for Mr Redwood's 38 votes from the second ballot, but the refusal of

some former Redwood supporters to declare how they voted kept both sides guessing about the result until it was announced in Committee Room 10.

Mr Portillo, regarded by many as the “leader-in-waiting” until losing his seat at the general election, telephoned the Redwood supporters before they voted to urge them to back Mr Hague.

Lady Thatcher and the former chancellor, Mr Lamont, also joined in the last-minute telephone canvassing for the Hague camp. Lady Thatcher had lobbied MPs at Westminster on the eve-of-poll in the

Commons tea room and the members' library. One of her admirers who voted for Mr Clarke said: “I had a message to ring her this morning. I did so, but she was out – and that was a great relief. I was not looking forward to a lecture.”

The Clarke camp met early yesterday at their campaign headquarters in Abbey Orchard Street to plan the final hours, and to come up with an answer to Mr Hague's attack that the Clarke-Redwood alliance was “a deal not a solution”, which proved their undoing. They decided to reassure MPs by comparing their pact to the successful right-

left alliance between the Labour leader Tony Blair and his deputy, John Prescott.

Mr Clarke went on BBC Radio 4's *Today* programme yesterday to claim that an alliance of opposites had helped Labour regain power, and the line was soon being pushed by Mr Clarke's supporters in the members' tea room.

Mr Redwood's supporters were deeply unhappy about his pact with Mr Clarke. Iain Duncan-Smith, one of Mr Redwood's closest allies, was among those torn over which way to vote, according to his friends.

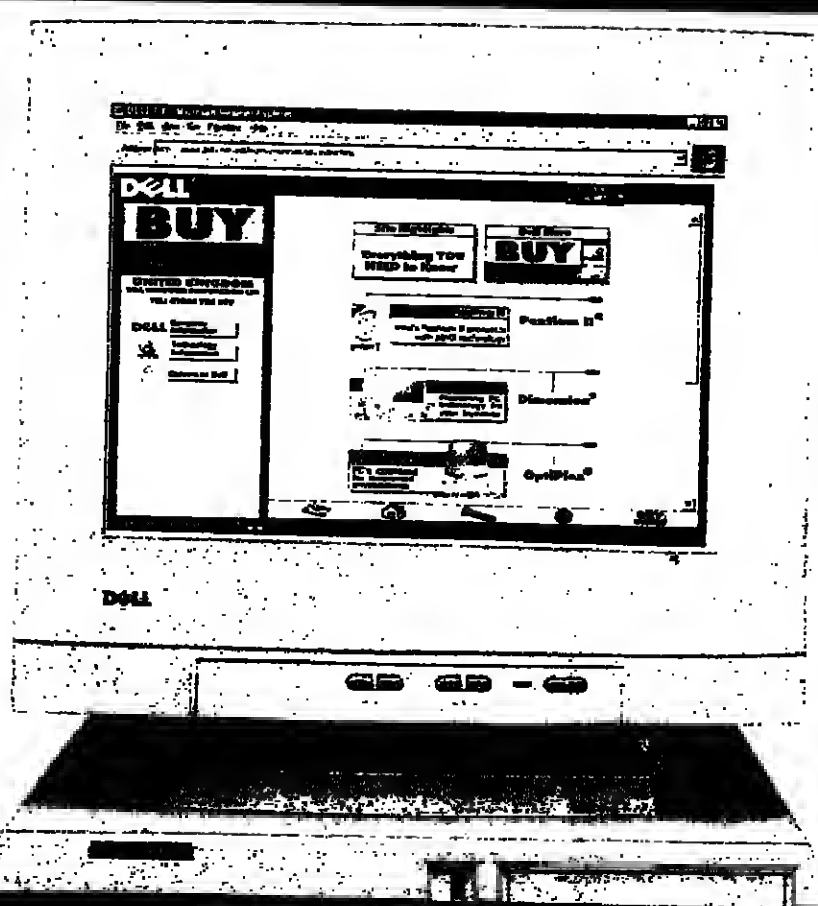
The Clarke camp used the re-

sults of the ballot of Tory constituency chairmen to try to emphasise that Mr Clarke had wider appeal in the country than Mr Hague. Mr Clarke won that ballot by 277 votes to 206.

As the Hague and Clarke campaign managers ticked off lists of promised votes, it was said that five had slipped away to Mr Hague because of “the bad chemistry” of the Clarke-Redwood marriage, while two second-ballot Hague voters went over to Clarke.

When the result was announced another thing became clear – many MPs had lied about their intentions.

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the tory leadership

Problems ahead in binding party wounds

Anthony Bevins
Political Editor

Before William Hague's runaway leadership result had been announced yesterday, it had been easy to find the voices of doom among Tory MPs in the Commons.

Those saying that whoever won would not last more than 18 months, before facing yet another leadership challenge, were not difficult to find.

But there were also significant numbers who believed that the hitherto of this month's leadership contest ran so deep that it would be impossible to bind the party's wounds, and that the party could yet break open.

That point was quickly picked up by Paddy Ashdown last night, with an appeal to disaffected moderates to come and find a "welcome home" with the Liberal Democrats.

Last week's *Independent* report of a "staged separation" of Conservative moderates, eventually resigning the party the whip and the party, is even more firmly on the cards following yesterday's repudiation of Mr Clarke, their torch-bearer.

On the right, the "betrayals" — of Michael Howard and Peter Lilley ditching their right-wing colleague John Redwood after the first ballot, and of Mr Redwood making his "marriage from hell" with Kenneth Clarke on Wednesday — were too much for some to forget or forgive.

The outrage that has been provoked in different camps was capped by Hague supporters, who said yesterday that they had been phoned by Mr Redwood on Sunday, two days before the second ballot, seeking to persuade them to switch temporarily to vote for him in order to block Clarke.

One MP who had considered that option said yesterday that he

could not believe his ears when he had been told that Redwood was then thinking of forging an alliance on Tuesday night with a man whom he had attempted to kill on Sunday.

Mr Redwood's conduct was described by one MP as "duplicitous"; another suggested that it amounted to stag-night infidelity, just 48 hours before the wedding.

The conclusion of the hard-right MPs who had backed Redwood before switching yesterday to the victorious Hague, was that Redwood — who had stood on a platform of honesty, integrity and decency — was now a "busted flush". He had sold his soul to the highest bidder, and lost.

Phrases like, "Time to heal", "We've got to make it work", "There will be no spoilers now, we have to unite" were commonplace in the Commons last night. Deals, it was said, now had to be cut to bring people and the party together.

But some old hands had heard it all before, time and time again in a party that has so often appeared to be unleadable. The problem faced by Mr Hague is that both Clarke and Redwood have used such strong words about the new leader — as Labour was quick to point out in a detailed, quote-packed dossier on things that had been said about him — that it would be impossible for them to serve under such a man, unless Mr Redwood again eats his words.

But those hoping for the chance to reopen the leadership question in 1999, perhaps with Michael Portillo or Chris Patten running against each other, could yet be thwarted by the impending change of leadership election rules. It is just possible that the new leader might act to protect his own back, by making it much more difficult to challenge an incumbent leader.



Feet under the table: The shiny leather shoes of William Hague, victor, and the famous suede-shod feet of his defeated rival, Kenneth Clarke Photograph: Brian Harris

Voices of a party divided

"Don't touch Ken. Remember his record" — Baroness Thatcher, 18 June

"I find it absolutely bizarre ... They will hand the party to the left" — John Townend, chairman of the Right-wing 92 Group, leaving Redwood and Clarke's press conference, and pledging his support for Mr Hague, 18 June

"The Molotov-Ribbentrop Pact" — The Hague camp on the Redwood-Clarke alliance, 18 June

"We mustn't be bullied by the right wing into ruling the single currency out" — Clarke, 15 June

"If we choose a leader who isn't clear on this issue, the war will go on" — Redwood, 15 June

"I'm incandescent" — Lady Thatcher on the pact, 18 June

"William Hague doesn't have any clear view about anything" — Teresa Gorman, 17 June

"...an incredible alliance of opposites which can only lead to further grief" — Lady Thatcher, 18 June

"One of the most contemptible and discreditable actions by a British politician" — Sir Peter Tapsell MP on Redwood's deal, 18 June



"...Breathtaking cynicism, this is an alliance built on sand and cannot last." — Norman Lamont, 18 June

"With William, it is just more fudge and dither... John Major Mark 2 ... The worst of all worlds" — Redwoodites, 17 June

A choice between "a nerd in short trousers and a Heathite rustbucket" — One Tory Right-winger on his dilemma before the third round, 18 June

"It is an incredible development, it will not stand the test of time, it is a marriage made in hell." — Stephen Norris, 18 June

"He must be crazy because it will ruin his personal life. I never wanted him to go into politics. He could have had such a comfortable life earning a tremendous amount of money." — Stella Hague on her son, 14 June

"He has quite a lot of support from a particular wing of the party, but we need a leader that will speak for the instincts of the whole party. No messing around any more." — Redwood on Clarke, 1st June

"No conviction, no passion, no guts and no brains. A Mandelsonian hollowiness" — One of Mr Redwood's leading supporters on William Hague, 3 June

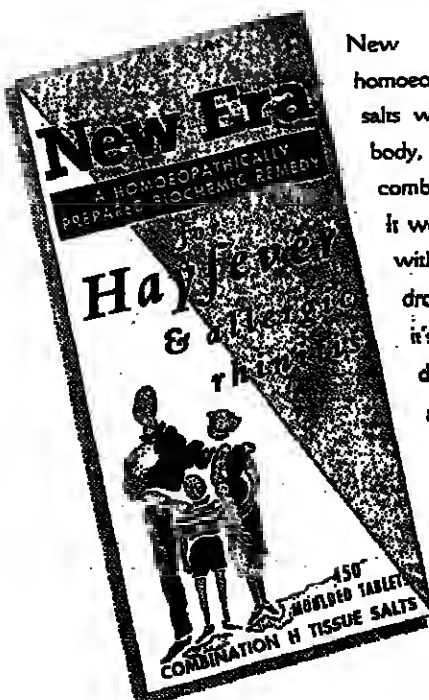
"John would split the party." — Lilley ally, 3 June

"Major's constantly shifting fudge" — Hague, 28 May



Tom Hampson

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New evidence halts Aitken libel trial

Kim Sengupta

The Jonathan Aitken libel trial halted dramatically yesterday after new evidence surfaced about the former minister's controversial stay at the Ritz hotel in Paris.

Neither Mr Aitken nor his wife Lolicia were in court to hear Mr Justice Popplewell ad-

judge the case until this morning at the request of Mr Aitken's counsel, Charles Gray QC. It was the first time they had failed to turn up during the 12 day hearing.

Mr Gray stated that the time would be needed to examine a witness statement presented in court from a British Airways investigator by George Carman

QC, counsel for *The Guardian* and for Granada television. The former Chief Secretary to the Treasury and defence procurement minister is suing the newspaper and the television company, makers of the *World in Action* programme, over claims that he was financially dependant on powerful Saudi interests, and that he pimped for Arabs.

The BA investigator, Wendy Harris, is believed to have provided details of travel arrangements for Mrs Aitken and the couple's daughter Victoria during the crucial period when Mr Aitken stayed at the Ritz in September 1993.

Mr Aitken has been accused of letting his hotel bill be paid by Prince Mohammed, son of the Saudi King, during the Paris visit, which, if proved, would be in direct contravention of government rules on ministerial conduct.

Giving evidence on oath at the High Court last week, Mr Aitken had insisted that the bill had been paid by Mrs Aitken who had travelled from Switzerland to Paris. He had given the same version in the past to the then prime minister, John Major, the Cabinet Secretary, Sir Robin Butler, and MPs in the House of Commons.

Midwife with the personal touch is best

Glenda Cooper
Social Affairs Correspondent

Women cared by midwives on a one-to-one basis need fewer epidurals or other pain relief during childbirth, according to a new survey.

The report looked at 1,400 women, half cared for by traditional midwives and half cared by midwives in the One-to-One project. In the National Health Service a woman can have up to 40 different people caring for her during her pregnancy and is unlikely to have her baby delivered by a midwife. Three out of four babies are delivered by a stranger.

In the One-to-One study, which has been running for three years, the woman has a named midwife and one back-up so she will give birth in the presence of someone she knows well. Being community based, the midwife carries out more of the ante- and post-natal care in the mother's home. The scheme has been pioneered by Lesley Page, the Queen Charlotte's Professor of Midwifery Practice at the Wolfson School of Health Science.

In the One-to-One group, 52 per cent of women had an epidural compared with 67 per cent in the traditional group - a "very significant finding", Professor Page said. Half as many got through childbirth without any recourse to pain relief in the traditional group as in the One to Ones. And fewer than one in five One to Ones had an episiotomy compared with 30 per cent cared for traditionally.

Both midwives and mothers said that it was easier to work



Personal touch: A midwife weighing a newborn baby at the mother's home, while the GP looks on

Photograph: Brian Harris

as a partnership and mothers also said they benefited from a higher level of care in terms of the information and advice they received and in the amount of emotional support. They were also twice as likely to receive constant attendance during labour and were less likely to need continuous electro-

nic monitoring during the birth. "Women want to have their baby delivered by a midwife whom they have grown to know and trust," Professor Page said. "It's of huge psychological benefit which, in the majority of cases, makes for an easier birth ... In practical terms what's really important is that on the ba-

sis of our study this service does not cost the NHS any more than the traditional style of midwifery practice."

At present One to One operates at Hammersmith, Queen Charlotte's and Chelsea hospitals in London and centres in Leicester and Shrewsbury.

A spokeswoman for the Royal College of Midwives said that they welcomed the report. "We have always known that one-to-one support is beneficial. We have just one proviso. Zero cost implications may well be the case when the service is up and running, but for a major service change ... money is needed to equip the midwives."

In a recent case, Christine Esplin, a £42,500-a-year personnel director, received a record £140,000 settlement after complaining that a male colleague on the board with similar responsibilities for merchandise was paid more than her.

Middle-class women issuing more complaints

Barrie Clement
Labour Editor

Compensation to victims of sex discrimination has increased three-fold in 12 months with a growing number of middle-class women taking their employers to court.

A decision by the European Court of Justice to abolish the £11,000 limit on awards at industrial tribunals has resulted in a considerable increase in cases taken by female managers up to director level, the Equal Opportunities Commission says.

Out-of-court settlements and awards by tribunals averaged £18,732 in 1996 compared with £6,481 the previous year.

Kamlesh Bahl, chairwoman of the commission, said that women in professional jobs had clearly decided that the former limit of £11,000, which had often resulted in compensation in the £2,000 to £3,000 range, made the exercise pointless.

The increasing readiness of managers to bring cases to the commission gave equal opportunities a much higher profile. "Employers are increasingly recognising that discrimination can cost money," Ms Bahl said.

In a recent case, Christine Esplin, a £42,500-a-year personnel director, received a record £140,000 settlement after complaining that a male colleague on the board with similar responsibilities for merchandise was paid more than her.

Introducing the commission's annual report, Ms Bahl said that more companies were bringing equal opportunities issues to the commission rather waiting for court action. Organisations were increasingly keen to avoid the bad publicity, she said.

Tribunals were more liable to ask organisations to justify working arrangements which tended to discriminate against women as flexible employment agreements increased.

The EOC chairwoman said legislation was in urgent need of revision, and she believed the present government might be more "amenable" to change than the previous administration. The law was a "mess", she said, and cases had taken more than a decade to work their way through the judicial system. Because of years of delay, it will now cost the National Health Service £30m to "equalise" the pay of speech therapists with pharmacists and clinical psychologists. Existing legislation placed a big burden on taxpayers.

Men were far more likely to complain about "women-only" services such as single-sex swimming sessions, car rescue services and parking spaces. The number of complaints from males last year was 470, more than in the previous five years. It is thought many of the issues were taken up by the UK Men's Movement, which says the commission's activities are biased towards the rights of women.

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Drivers may have to pay to enter West End

Randeep Ramesh
Transport Correspondent

Radical plans to introduce tolls on some of London's busiest roads, tax workplace parking spaces and create car-free streets, have been drawn up by the borough of Camden.

The blueprint, which would affect routes from the West End and the City to the north, will

soon be sent to the Government for approval. If the scheme gets a green light, planners will flesh out the proposals with detailed plans. The borough's transport planners could, they say, revive the London Boroughs Transport Scheme - which produced the capital's lorry ban - and co-ordinate its actions with other authorities.

A system of permits to ex-

clude "non-essential" cars from certain areas is also being considered by councillors, together with plans to introduce a system of "loyalty cards" which would give shoppers special discounts if they used neighbourhood stores rather than taking the car out to drive to the nearest supermarket.

The council points out that traffic in the borough grows at

1 per cent a year and that "to tackle the dangers of a fume-filled borough, we are now proposing a new sustainable transport strategy". Planners are also considering clearing Camden High Street of cars. The area is home to the fashionable market which is considered a major tourist attraction. However, the council's own computer model shows

that the traffic displaced from the centre may just clog up other streets. "There could be an effect on traffic all the way up to St Albans in Hertfordshire," said Ian Plowright, a transport planner for Camden. "It is something we are very, very mindful about."

"We are well aware of the risks," said Deborah Sacks, vice-chair of the council's en-

vironment committee. "When Croydon tried to introduce restrictions on parking numbers, a major employer, Direct Line, threatened to decamp to Peterborough."

However, one easy method for planners to help companies understand the cost of car parking is to specify the amount of tax paid for each space. In a submission to the Department of

Transport working group, local authorities claim that companies paid £350 in Birmingham to park each car a year compared with £150 in Norwich.

The borough, through which more than 500,000 cars drive every day, is proposing the measures to ease congestion and reduce pollution levels in the morning and evening rush hours. In 1995, levels of particulates,

deadly tiny specks of dust, in Camden exceeded government health standards on 46 days.

Motoring organisations said there would be major problems in introducing the plan. "If you introduce charges in one area, you will find businesses and residents moving to another," said Edmund King, a spokesman for the RAC. "These proposals only work on a London-wide basis."

Review casts doubt on future of £1.5bn road schemes

Randeep Ramesh

The future of road schemes worth £1.5bn was thrown into doubt yesterday as the Government announced a major review of its road building strategy.

Described as a "far-reaching and broadly based strategic roads review," the exercise will seek to incorporate Labour's desire for an integrated transport policy and should report its findings to coincide with the transport White Paper next spring.

Ministers will start an "accelerated review" of 12 important schemes including the controversial Salisbury bypass in Wiltshire and the 27-mile Birmingham Relief Road - both of which cross sites of special scientific interest.

Gavin Strang, the transport minister, told MPs in a Commons reply that the aim was to find out which roads should become part of the Government's

integrated transport policy, taking account of the environmental impact and other forms of transport which may become available.

Dr Strang's announcement is in line with the Government's desire to make motorists switch to buses, trains, bicycles and other forms of transport.

Only two weeks ago, John Prescott, the Deputy Prime Minister, pointed the way by arriving at an environmental conference in London on the Tube instead of his ministerial Daimler.

The minister, however, told journalists there was a limit to the amount of taxpayers' money that could be found for new roads. He said ministers were looking at the possibility of a "dedicated income stream" for public transport.

"We only have a certain amount of money from the public. There is a major strategic decision to be made and we are considering road pricing and



Great North roadworks: The rebuilding of the A1 trunk road between Alconbury and Peterborough in Cambridgeshire

Photograph: Brian Harris

taxing car parking spaces," said Dr Strang.

Transport experts had speculated before the election that the £6bn roads programme could be raided to fund innovative public transport schemes.

But the timing of this review

will mean no extra money will be available this year from the road building budget.

The fate of the dozen "accelerated review" schemes could be decided within a month, but Mr Strang warned that some complex projects

may need more time to reach a conclusion.

The 12 roads to be reviewed are: the Birmingham Northern Relief Road; M25 Junctions 12 to 15; the M66 Denton-Middleton stretch; widening the A2/M2 junction 4; the Sal-

isbury bypass-Wessex link; A564 Derby southern bypass; the M62E/M606 link roads, and in addition, five private road schemes.

Environmentalists were "disappointed" by the Government's announcement. "There

was nothing concrete on a number of important projects. We trust speedy decisions will be made," said Roger Higman, transport campaigner for Friends of the Earth.

Motoring organisations, however, welcomed the report. Ed-

mund King, a spokesman for the RAC, said: "We are glad the Government is considering safety, environment and accessibility and expect to see environmentally-friendly improvements to the nation's roads."

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The Cavaliers

Tony Blair, Richard Rogers, Robert Ayling, Simon Jenkins

The Roundheads

Stuart Higgins, Frank Dobson, Lord Melchett, Richard Branson

Blair stops the dithering over the dome

Christian Wolmar

The latest reprieve of the Millennium Exhibition is a triumph of Tony Blair's heart over his brain and it is such a high-risk gamble that he may come to regret allowing the wrong organ to determine government policy.

Until yesterday, everything pointed to a sensible retreat by the new Labour government. The Greenwich project, in south-east London, was in a mess with very little worked out in detail except the dome, which had mysteriously changed shape when it was relaunched by Lord Rogers and his team last week. Labour had expressed concern about the lack of substance in the ideas for the contents of the dome and wanted a more educational and spiritual content. Indeed, support for the pro-

ject had begun to wither away and very few companies had come forward as definite funders. The Sun newspaper splashed with "Dump the Dome". Imagination, the designers, had been "stood down". And worst of all, nothing much had happened since the last crisis in January which had resulted in a fudge between Conservative and Labour. There was an agreement that the incoming government would be able to review the project, but in an effort not to deter private-sector investors, that was only supposed to cover the details, not whether the project should carry on or not.

That proved to be misleading. The review carried out in the past month by four consultants on aspects of the scheme such as transport, construction and visitor numbers was fundamen-

tal and could have led to cancellation. Moreover, earlier this week it was revealed that English Partnerships, the quango which owns the Greenwich site, was keen to have it cleared after the exhibition, which meant the dome would be temporary. Given this plethora of problems and with time running short - the scheme is supposed to be finished by September 1999 - Labour could have pulled out gracefully, blaming it all on their predecessors. It would have wasted around £25m but it would have left a clean site for regeneration.

There would have been justification. The Tories had dithered since the project was conceived. First, when Stephen Dorrell was Secretary of State for National Heritage in May 1995, he said it was to be entirely

Shaping of Greenwich celebrations

June 1994: Proposals by Peter Brooke, Secretary of State for National Heritage, for national exhibition to mark the end of the century.

October 95: Sir Andrew Lloyd Webber and Richard Branson interested in hosting celebrations in Greenwich.

February 96: Greenwich wins the right to host the celebration; £200m of lottery money earmarked for the project.

June 96: BT pledges £12m, biggest corporate contribution. Chief adviser Sir Peter Leaven understood to raise £150m from private sector.

November 96: English Partnerships says £20m will buy 294-acre site from British Gas. British Gas to clean up the derelict land for £15m.

December 96: Prince Charles and the Archbishop of Canterbury join forces to attack the Millennium Celebration for lack of spirituality.

June 97: Treasury chiefs urge Prime Minister to scrap the project. Prime Minister remains in favour of the dome.

private, costing around £100m and expected to attract 50 million visitors - rather different from the present 10-12 million. Then the project was put out to tender and allocated to Greenwich, rather than to Birmingham. But the rather unexciting Birmingham scheme had much of the sponsorship money

lined up whereas Greenwich had no such support. So, in late 1996, the Tory government announced that it was going back on its ideological instincts and renationalising the project, creating Millennium Central to run it. Even then, the difficulties did not end. In December, the chief executive of Millennium Central, Barry Harrop, left hastily and was replaced by Jenny Page, the then chief executive of the Millennium Commission.

When Labour inherited this muddle, ministers were aghast. While Tony Blair's enthusiasm was echoed by Nick Raynsford, the MP for Greenwich and minister for London, other senior ministers, seeing the business plan for the first time, wanted the project to be dropped. Frank Dobson, Secretary of State for Health, reckoned it was "the

biggest kite in history" and another senior minister said: "I have never seen such a mess in my political life. This wouldn't have got past a local parish council finance committee."

Labour backbenchers also began to express opposition openly. A motion saying the scheme should be scrapped was supported by 26 MPs and a further 19 wanted it moved back to the cheaper Birmingham site.

Despite this opposition, Mr Blair ploughed on. He wanted something that would excite his 13-year-old, Euan, and would leave a lasting legacy. Strongly influenced by his friend, Lord Rogers, the architect, and Bob Ayling, the British Airways chief executive who now moves in Labour circles and who has been rounding up business support, he desperately

wanted to retain the project.

Greenwich is, therefore, to be the Prime Minister's pet project. And although its future is still subject to the five criteria set out in yesterday's announcement, it is almost inconceivable that it will be scrapped.

The figures look frightening. The total budget is £850m, of which £450m will come from the lottery. About 30,000 visitors a day, paying £20 each, will be needed throughout the 15 months of the exhibition to make it viable. One of the new criteria is that no extra public money will be needed.

But business is not going to pay the extra and therefore the Government would have to cough up. It is a high-risk strategy that could give Labour a big boost in mid-term or could be a terrible fiasco.

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news

Sixteen years jail for the £100m drugs baron the police called Target One

Kim Sengupta

A Briton accused of running one of the biggest drugs cartels in Europe was jailed for 12 years in the Netherlands yesterday.

Curtis Warren, called the Teflon Gangster due to his ability to avoid serious conviction, was found guilty of orchestrating a plot to flood Britain with £100m worth of cocaine, heroin, ecstasy and hashish.

The conviction was welcomed by British investigators, who had worked closely with Dutch authorities on Operation Crayfish, which led to the arrest of Warren, 34, from Liverpool, and five accomplices.

However, the judge at The Hague central criminal court, Judge Solco Holtrop, said he did not believe Warren was one of the "heaviest" criminals in the drugs racket, and reduced the 16-year jail term requested by the prosecution.

The trial had been fraught with problems. At one stage there was concern the whole system of cross-border co-operation between law enforcement agencies could be in jeopardy. The defence had successfully argued for an adjournment after objecting to the use of British undercover evidence. But the point was eventually rejected by Judge Solco Holtrop.

On another occasion the hearing was moved to a secret location following intelligence reports of an alleged plot to "spring" the defendants.

Warren's two main accomplices, Stephen Mee, 38, from Liverpool, and 34-year-old Stephen Whitehead, from Oldham, were jailed for seven years each. Mee is facing a 22-year jail term imposed at Manchester Crown Court in absentia for his part in a £1m drugs raid.

John Farrell, 34, from Manchester, was sentenced to 12 months, but will be released in two days because of time spent in custody awaiting trial. Three others, 28-year-old Roy Nolan, William Fitzgerald, 55, and William Riley, 47, all from Liverpool, have already been jailed for three years each.



Case made to stick: Curtis Warren had been nicknamed the Teflon Gangster for his ability to avoid serious conviction

Photograph: Peter Byrne

British detectives said it had taken a long time for justice to catch up with Warren. In spite of him being codenamed Target One by Interpol.

He and a partner, a 37-year-old career criminal from Middlesbrough, Brian Charrington,

were the defendants when an investigation into an alleged £250m drugs deal collapsed four years ago.

Subsequent investigations revealed that two Tory ministers, Attorney General Sir Nicholas Lyell and Sir John Cope, min-

ister responsible for Customs, had intervened to have charges dropped against Charrington, leaving the avenue open for Warren's subsequent acquittal.

Warren and Charrington had allegedly travelled to Colombia to set up a deal with the Cali

Cartel to import 900kg of cocaine concealed scrap ingots. Unknown to the pair they were already under surveillance by Customs. A call by Charrington was intercepted and the drugs were seized. Warren was charged along with 10 others.

Customs officers say the evidence against both Warren and Charrington was extremely strong. Then two officers from the North East Regional Crime Squad, Detective Inspector Harry Knaggs and Detective Sergeant Ian Weedon,

said that Charrington was a valued informant.

In a meeting chaired by Sir Nicholas, his parliamentary private secretary, Tim Devlin, lobbied Sir John on Charrington's behalf, although he was not his constituent. Mr Devlin had visited Charrington in prison.

Charges were dropped against Charrington and the case against Warren collapsed. He and all but one member of the gang - Joseph Kassar - walked free.

A cocky Warren confronted Customs officers outside Newcastle Crown Court to boast that he was off to spend the £86m he had made from the deal.

He was back in business, and the money from drugs paid for a luxury home in the Wirral, a flat on the waterfront in Liverpool, and properties in France, Spain, and the Netherlands. But other gangsters tried to muscle in. Warren became involved in a violent struggle with the rival Fitzgibbon/Ungi family in Liverpool. After his chief lieutenant, Johnny Phillips, was gunned down, Warren moved his base to the Netherlands.

But he was neither out of sight or mind of Customs. Informants came forward to say that Warren was setting up a major importation deal into Britain, and a joint operation, codenamed Crayfish, was organised with the Dutch authorities.

After six months of surveillance Warren was arrested in October last year by Dutch police near the Rotterdam Europort. A raid on a ship in the dock led to the recovery 800kg of Colombian cocaine with a street value of £75m secreted in aluminium ingots. Raids in Amsterdam and Rotterdam netted more drugs bringing the total to £100m as well as a cache of grenades, automatic weapons and CS gas canisters.

Following yesterday's convictions, Ransal Macdonald, a senior Customs investigator, said: "With the conviction of Curtis Warren an entire criminal organisation has effectively been destroyed."

Labour MP 'was profiting from Serb link'

Christian Wolmar

Bob Wareing, the Labour MP for Liverpool West Derby, was suspended by the party over allegations that he created a consultancy to lobby on behalf of a Serbian steel company which at the time was on a United Nations sanctions list.

It is alleged that Mr Wareing's company received money from the Serbian firm in return for his lobbying activities.

Mr Wareing, who now faces an investigation by Sir Gordon Downey, the Parliamentary Commissioner for Standards, has had the party whip suspended until the inquiry is completed. He has "welcomed" the investigation but has not denied the allegations.

Mr Wareing has long had an interest in the former Yugoslavia and a significant proportion of the questions he asked in Parliament concerned matters relating to the war there and its aftermath.

He was criticised in 1995 for holding a meeting with Bosnian Serb leader Radovan Karadzic and with General Ratko Mladic, who were both accused of being responsible for ethnic cleansing.

Last year he asked a series of questions on whether various ministers would be visiting Serbia and whether the Government would be trying to promote British trading interests in the former Yugoslavia. He also asked a question about whether the Export Guarantee Credit scheme covered Serbia and he was told that it did not.

Mr Wareing has long been seen as pro-Serbian, though he denied in Parliament that he was a supporter of the Milosevic regime. If his link with the Serbian company is proved, Mr Wareing is likely to face much more than the minimum punishment of a reprimand and at best will receive a suspension from the House or, at worst, possible expulsion.

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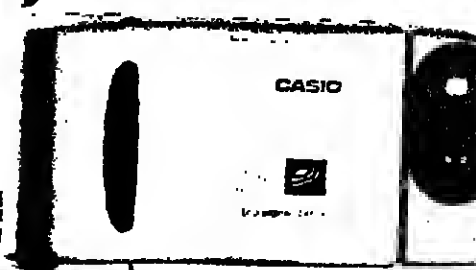


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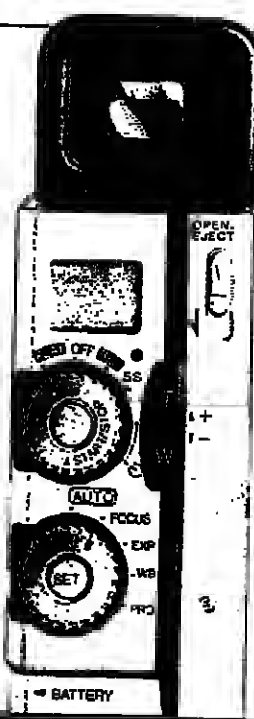
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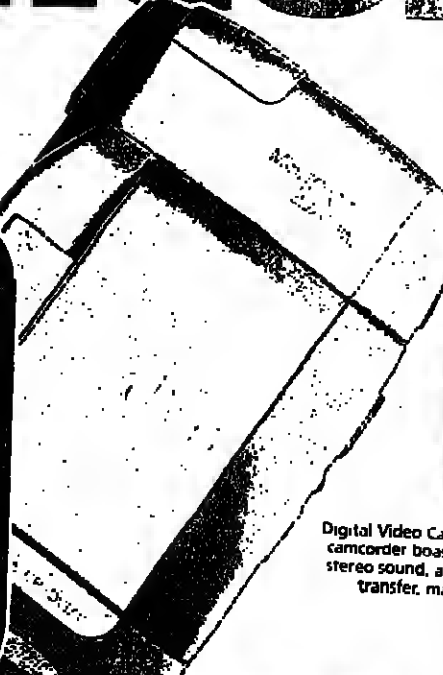
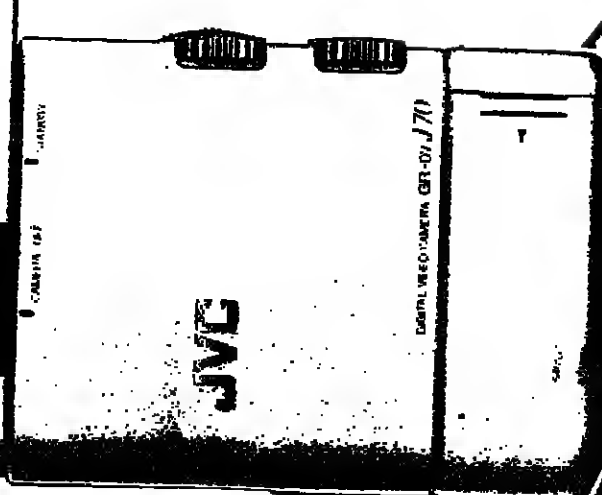
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هذا من الاصل

Failing teachers could be sacked in a month

Lucy Ward
Education Correspondent

Grossly incompetent teachers could be sacked within a month under new fast-track procedures put forward by education authorities. The change would mean a dramatic telescoping of the dismissal process, which at present can drag on in schools for up to two years.

Meanwhile, teachers who are failing less drastically could be removed within two terms if they did not improve, authority leaders say. Local education authorities, who employ teachers, put forward the recommendations in response to a government consultation on developing a "firm but fair" approach to teacher dismissal.

Ministers believe the present seven-stage competency process, which can include four warnings, two dismissal hearings and an appeal before governors, hampers attempts by head teachers to raise standards.

Though they insist they do not want to see mass sackings of failing teachers, they believe those not up to the job who cannot or will not improve through support and training should be swiftly removed.

The LEAs, who met the schools standards minister, Stephen Byers, on Wednesday to set out their response to the consultation, are understood to have surprised ministers and civil servants with their tough line.

Graham Lane, education chair of the authorities' representative body the Local Government Association (LGA), said LEAs were beginning to "harden their view" on gross incompetence. Schools should be able to cut out warnings and move straight to the final stages of the competency process within a month, he said.

Incompetent teachers, meanwhile, would receive up to two warnings each followed by six weeks to improve, before a move to dismissal procedures.

The proposal comes less than a month after David Hart, leader of the National Association of

Head Teachers, said teachers should be judged against achievement targets, including test and exam results, in the drive to weed out failing staff.

The LGA wants the Government to issue national guidelines on the issue, which LEAs would adopt, possibly in a modified form. Schools should be obliged to sign up to their authority's competency agreements, according to the association.

The proposals for fast-track sackings angered the National Union of Teachers, which insisted head teachers should never allow a teacher to slip into gross incompetence. Doug McAvoy, its general secretary, said: "The country invests a great deal in the training of teachers and should not have that investment wasted through problems not being addressed early enough."

The Government is to follow up its consultation with a second set of ways to accelerate dismissal of incompetent head teachers. Among options under consideration is the introduction of fixed-term contracts for heads, which has already met fierce opposition from head teachers' leaders.


The LGA, which is seeking to claw back influence in the hiring and firing of heads from school governors, proposes an alternative scheme under which staff moving into management positions in schools would work for a period "on trial" before being given a permanent post if they proved competent.

A crisis in recruiting head teachers which threatens the drive for higher standards in schools will spiral unless the Government "breaks public spending limits and boosts heads' pay, a teachers' leader warned yesterday.


In a letter to David Blunkett, Secretary of State for Education, David Hart of the National Association of Head Teachers said more and more teachers believed salary increases through promotion to headship were "not worth the candle."



High flyers: The experimental De La Guarda company from Argentina rehearsing their show *Periodo Villa Villa* at the Three Mills Island Studios in Docklands, east London. The fast-action performance runs until 29 June as part of the London International Festival of Theatre (LIFT). Photograph: Laurie Lewis



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news

Trainee surgeons perform operations alone

Jeremy Laurance
Health Editor

First-time surgeons are carrying out operations without supervision, including kidney transplants and mastectomies, that they have neither seen nor assisted at before, a survey has revealed.

Almost nine out of ten general surgeons and two-thirds of head and neck surgeons admit to performing procedures, for the first time, without a senior and more experienced colleague being present. In some cases there was no senior doctor present in the hospital.

Junior doctors said they had removed gall bladders, spleens and had repaired hernias for the first time without supervision. Registrars had performed major abdominal operations unsupervised, including removal of the bowel, amputations and, in one case, a kidney transplant.

The survey was conducted among 450 trainee surgeons and young consultants of whom 276 returned the questionnaire. Professor Janet Wilson, of the department of head and neck surgery at the Freeman Hospital, Newcastle upon Tyne, who conducted the survey published in the *British Medical Journal*, said the findings were disturbing. "I had known from anecdotal reports that this went on but I was surprised by the scale of it and by the complexity of the operations performed. A lot of surgeons I discussed it with expressed frank disbelief, so I am glad to have it published because this is a large sample and there is no doubt about the figures."

Among the young consultant surgeons, most reported having performed a procedure that they

had not seen during training, but Professor Wilson said that this was less worrying. "As consultants are fully trained they should have the capacity to take on new techniques," she said.

The reasons for the lack of supervision were pressure on surgeons to cut waiting lists, together with the reduction in junior doctors' hours. This increased the burden on consultants who had to spend more time doing routine surgery and so had less time for training. Consultants were expected not to let training delay operations. Some unsupervised procedures were carried out as emergencies at nights and weekends.

However, John Spiers, chairman of the Patients' Association, claimed some senior consultants were putting their private work before the NHS. "If these doctors are unsupervised, where are their supervisors when they're supposed to be in the operating theatre? There's evidence to suggest that they are in their private consulting rooms."

Professor Wilson said the surgical training colleges should keep closer checks on the records kept by trainees to ensure operations were supervised the first time they were performed. The pressure on trainees might be eased by breaking complex operations into parts - opening the abdomen, repair, and closing, for example - so that only that part of the procedure that was unfamiliar would need supervision.

The Royal College of Surgeons said yesterday that the findings were worrying, but questioned whether they were representative of the 4,000 senior house officers and 2,000 specialist registrars in surgical training.

Not cricket: rain stops play as normal weather resumes



Rain spoiled the day for the second Ashes Test at Lord's (above) yesterday, when heavy showers ended all hope of play, and, for only the fourth time in history, the first day of a Test match at the ground was lost.

Forecasters predicted rain for the start of the Wimbledon tennis championships next week. "There is no sign of summer at all as far as we can see," they warned. But the weather did nothing to dampen enthusiasm at Royal Ascot, where

racing went ahead, with mud adding an unexpected touch to the Ladies' Day fashions.

At Lord's, where England's cricketers hoped to capitalise on their morale-boosting victory against Australia in the first Test,

players and spectators spent a frustrating day. Mike Atherton, the England captain, said: "It's a shame, we all really want to get out there." Royal Ascot, pages 28, 29. Derek Pringle, page 32. Photograph: Peter Jay

Patients' damages can wait, says professor

Jeremy Laurance

Victims of medical negligence who win large compensation awards against NHS trusts should not expect an immediate payout but take their place in the queue for scarce resources, a professor of medical ethics says.

Paying large sums in compensation is unjust when the shortage of NHS resources means that other NHS patients who need treatment to save their lives are denied it, says Professor John Harris.

On Tuesday, Liam Batty, 9, who was brain damaged at birth, was awarded £1.25m in a claim against South Manchester Health Authority. Lawyers estimate that between £250m and £1bn will be paid out for similar accidents between now and the end of the century.

Since 1995, all hospital negligence awards have been met out of the NHS budget and when judgment is delivered hospitals have to pay the compensation immediately.

Professor Harris, of the Institute of Medicine, Law and Ethics at the Universities of Manchester and Liverpool, says in the *British Medical Journal* that it is inequitable to give successful litigants absolute priority in the sharing-out of NHS resources.

"The important question is whether it is just for awards of damages to be enforced when the effect of so doing may be to deny more important or urgent claims on the same budget."

He suggests that successful claimants should have their needs assessed and go on a waiting list for payment only when there were no more urgent claims to be met. Priority should be given to paying the costs of continuing care.

A separately funded "no fault" compensation scheme which would be fairer to victims of accidents and avoid the stigmatisation of doctors could be introduced, Professor Harris says.

However, ministers have in the past ruled out no fault schemes as being too costly.

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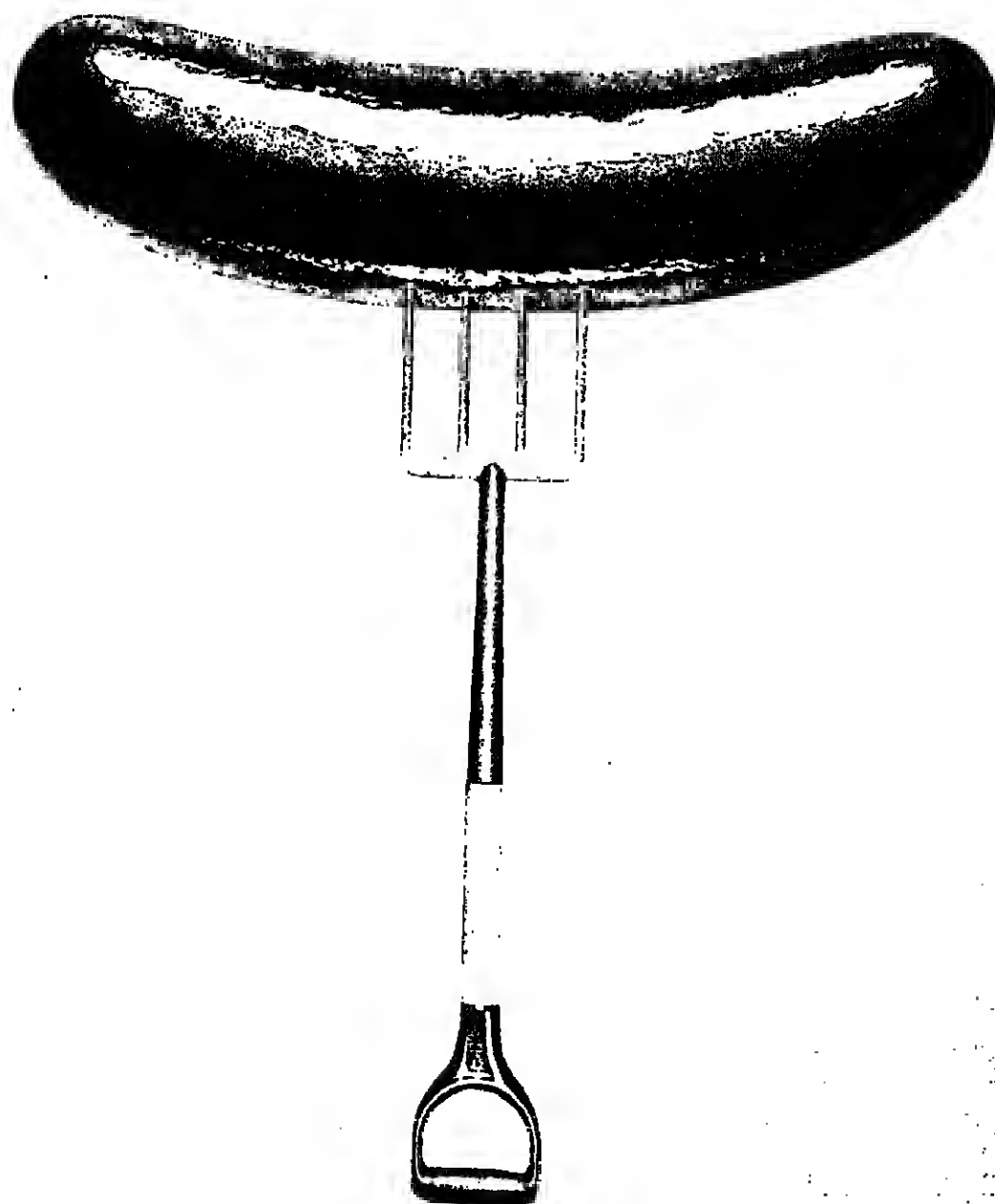
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Pol Pot 'sets terms for his surrender'

Matthew Chance
Phnom Penh

There was further confusion over the whereabouts of Pol Pot last night, with a senior Cambodian military official in contact with renegade Khmer Rouge guerrillas casting doubt on reports that he has surrendered.

General Nhek Bunhach said the matter was only being negotiated with Pol Pot. The renegade guerrilla leader is reported to be on the run from his jungle stronghold with some 200 loyalists and several hostages, including Christopher Howes, the British expert in landmine clearance abducted by the Khmer Rouge in March last year.

"He has told his former comrades he will surrender, but only under certain conditions," General Nhek Bunhach said.

He said forces loyal to Pol Pot may surrender to a renegade Khmer Rouge force led by the notorious one-legged military commander of the hardline Maoist organisation, Ta Mok, known as "the hatcher" to Cambodians. The name was earned during Pol Pot's brutal post-1975 regime, when an estimated 2 million people were either executed or worked to death in labour camps.

Latest reports on the guer-



Pol Pot: On the run from remote jungle stronghold

illas' clandestine radio said on Tuesday that Pol Pot had already surrendered to renegade forces, who turned against their leader of 30 years after he ordered a vicious internal purge earlier this month which saw the execution of Son Sen, the movement's long-standing security chief, and 11 of his family. The broadcast said "a new era" had begun for Cambodia, and that Pol Pot was a problem that had now been solved.

But the problem continues. Even if one of this century's most reviled dictators finally surrenders, there is no clear way to bring him to justice.

Cambodia's government has

said it would stand Pol Pot before an international tribunal for his crimes against humanity. Both of the country's vying prime ministers have approached the United Nations Secretary-General's special representative to Cambodia, formally requesting he step in to oversee a truth commission, like that begun in post-apartheid South Africa, to determine facts about the secretive Khmer Rouge.

But the story of the Khmer Rouge is far more than a question of just one man's misdeeds. A whole generation of politicians and army commanders in Cambodia, including the two co-premiers, at one time served under or with Pol Pot in the factional civil wars that have racked the country for most of its independent history. "The reason this [tribunal] will not happen is that it would not be in anyone's interests to have the past dragged up, to have Pol Pot tell his sto-

rics," said Raoul Jennar, a Phnom Penh-based analyst.

"Execution is the way the group deals with those it terms 'traitors'. It is the way they express their concept of justice and there is little reason to believe they would change their minds for Pol Pot," he added.

The prospect of Pol Pot being confirmed dead appears especially heartening for the people of Phnom Penh. Mistreated and forced to leave their jobs and homes for the "Killing Fields" of Pol Pot's regime, which ended in 1979, few have emerged from the past two decades without scars.

Fewer still want to think of Pol Pot as anything but dead. "I was happy when I heard he was finished," said Pol Lee, 43, who saw five members of her family beaten to death in 1977. "It has been difficult for me to live. But now I feel that I can believe he's not coming back."



Rites of passage: Cambodian soldiers loyal to the First Prime Minister, Norodom Ranariddh, arriving during funeral rites for a dead bodyguard at a Buddhist temple on the outskirts of Phnom Penh yesterday. Photograph: Richard Vogel/AP

Thailand's dream team steps down

Matthew Chance

Thailand's deepening economic crisis claimed its first political victims yesterday, as two key government ministers stepped down.

Amnuay Viravan, the embattled finance minister handed in his resignation, followed shortly afterwards by commerce minister, Narongchai Akrasanee. Others in the political "dream team" set up to mend Thailand's beleaguered economy may quit today.

The resignations mark a blow for the Prime Minister and have sparked widespread nervousness about what lies ahead. Once a leading "Asian Tiger", Thailand's rapid economic growth profited from high levels of foreign investment and an open, "globally-orientated" economy. But last year underlying troubles rose to the surface.

The continuing economic crisis, which has seen Thailand's growth rates plunge from highs of the late 1980s to just over 5 per cent last year, could lead to more political instability and even the fall of the government: Chavalit Yongch-

aiyudh, the Prime Minister, has staked his future on reviving the country's economy. He is expected to name new finance and commerce ministers over the next few days, but has temporarily placed himself in charge of running the economy. It has been dogged by big debts, a massive slump in property prices and rising unemployment.

The Prime Minister assured investors that there would be no immediate change in economic policies and said his priority would be to defend the country's currency, the baht, from attack by speculators.

Neither Mr Amnuay, the finance minister, nor Mr Narongchai were elected members of parliament. The technocrats were brought into government as part of the Prime Minister's "dream team" to bolster confidence in government economic policies. Some members of the governing coalition were never comfortable with this and have repeatedly blocked measures recommended by the duo, preventing tight - and unpopular - fiscal policies being implemented.

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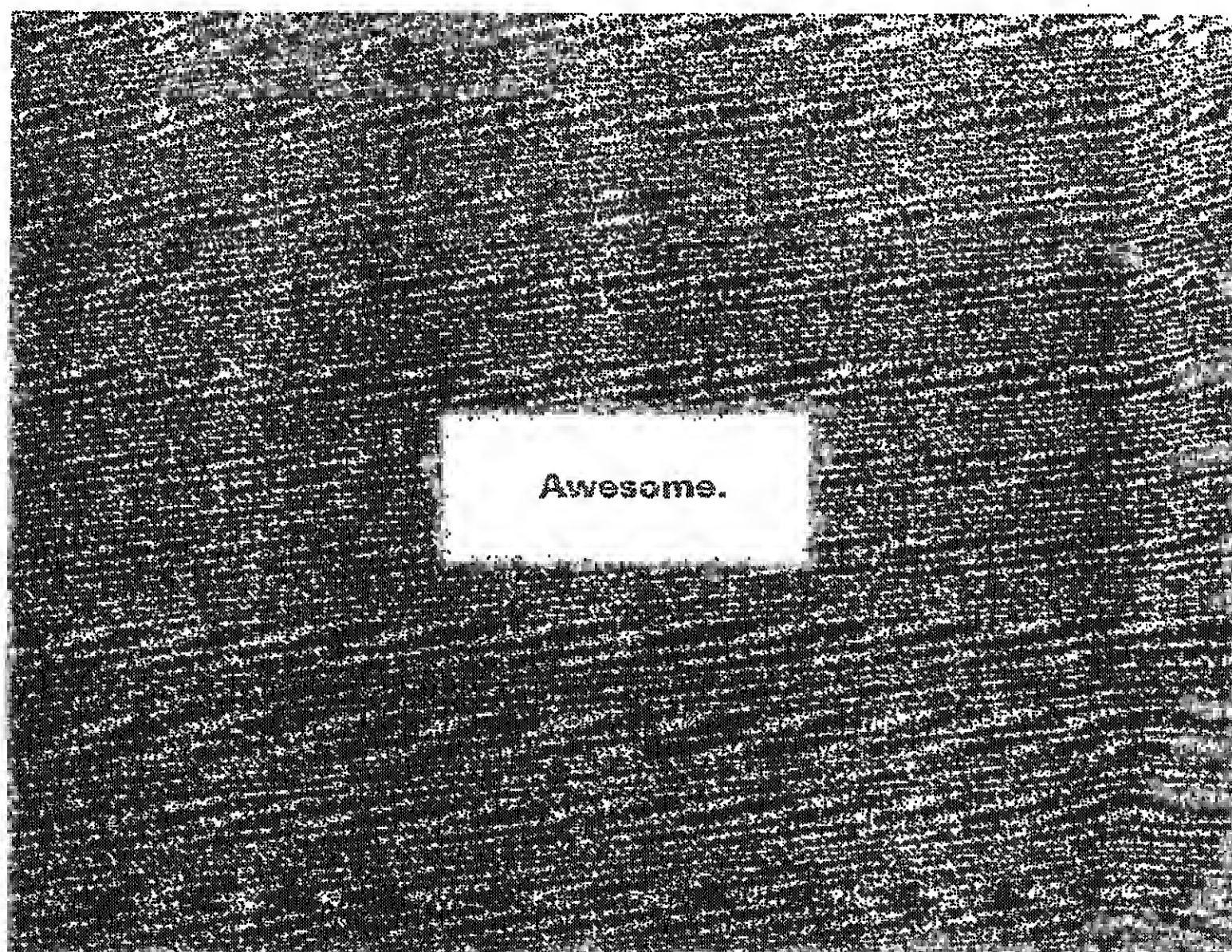
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international

Jospin relies on growth to save Emu hopes

John Lichfield
Paris

French public finances are in a "serious" mess, the new Prime Minister, Lionel Jospin told parliament yesterday.

Nonetheless, the Socialist-led government plans to meet the deadline for creation of a single currency by 1999. It hopes, growth permitting, to reduce taxes, starting with VAT.

It will go ahead, although not immediately, with its promises to reduce working hours and create new state-sector and subsidised jobs. It will abandon, or much reduce, the budget-balancing programme to sell off state-owned industries. It will increase, by 4 per cent, the statutory minimum wage.

Two large public works projects, energetically opposed by Mr Jospin's Green government partners — the Rhone-Rhône canal and the Superphénix experimental neutron reactor — will be abandoned. This will relieve a little of the pressure on the state's finances but cost an estimated 75,000 jobs.

Mr Jospin's general policy speech to the National Assembly contained no real surprises. Equally, it contained few clues on how Mr Jospin intends to square the seemingly contradictory pledges of last month's successful election campaign.

If public finances are in such a mess — an audit will be published in mid-July — how can Mr Jospin meet the targets for single-currency membership without tax rises or spending cuts?

Mr Jospin gave a brisk and well-written one-hour speech, repeating his pledge to govern openly and honestly, but did not directly address this conundrum. He promised a "first appreciation" of the government's economic and fiscal options next week. The first formal budget proposals will be delayed, as

expected, until September.

Mr Jospin seems to be placing all his bets on an increase in growth, pumped up by more domestic spending, fired by the increase in the minimum wage, and possibly a small cut in VAT on basic items. Although he gave no figures, a series of leaks in recent days suggest that France is heading for a budget deficit this year of between 3.5 and 3.7 per cent of gross national product, well over the Maastricht treaty guideline of 3 per cent. A spurt in growth,

Sooner, rather than later, Mr Jospin will have to do something unpopular

now around 2 per cent, could bring France within touching distance of the guideline. But time is running out.

After the contradictory signals of the last ten days, the markets and Mr Jospin's EU partners were waiting for a clear statement yesterday of French intentions on Economic and Monetary Union (Emu) and the single currency.

Mr Jospin spoke of the "volonté" (intention) of his government to meet the 1999 timetable for Emu but he gave no commitment on the budgetary guidelines. He also said that the resolution on growth and job-creation, obtained by France in Amsterdam this week, should be seen as only a first step. France would be asking for more.

On non-economic questions, Mr Jospin pledged to continue

the professionalisation and modernisation of the French armed forces. The abandonment of military service would be maintained.

On immigration, Mr Jospin pledged to be tough on illegal migrants but said he would repeal one key element of the immigration and nationality laws passed by centre-right governments. The right to French citizenship of anyone born on French soil would be restored.

Overall, the speech, though well-crafted, was an exercise in playing for time. The promise of a cut in the working week to 35 hours would be delivered, within the lifetime of the parliament, in other words within five years. The promised reduction in VAT on basic items would be "studied" by the finance ministry.

Mr Jospin was against privatisation and absolutely against the privatisation of public "services". He left the door slightly ajar, however, for at least a partial privatisation of those state-owned industries which needed to keep up with international competition. Which category would the planned budget-easing, sale of France Telecom come under? Possibly the second.

In the third week of his government, Mr Jospin is still trying to keep four plates spinning: his commitment to enter Emu on time; his pledge not to plunge France into renewed austerity; his ideas for putting more money into French pockets; and his promise always to do as he promised.

Even the centre-left newspaper *Libération*, a warm supporter of Mr Jospin, said yesterday that he would, sooner rather than later, have to do something unpopular. Honesty was all very well, wrote the newspaper's editor-in-chief, Pierre Briancourt. It was more important to get things done.



Fight for truth: Students in Rome laying a wreath this week on the spot where their colleague Marta Russo was shot dead

Photograph: AP

Silence cloaks Rome campus killing

Law faculty 'omerta' after student dies. Anne Hanley reports



Marta Russo (left) and her alleged killer, Giovanni Scattone

Rome — Marta Russo, a brilliant 22-year-old law student, was killed on the campus of Rome's La Sapienza University with a single calibre .22 bullet fired from a window in the library of the Philosophy of Law department.

The apparently random, motiveless murder, on 9 May, shocked Italy to the core. Since then, key confessions have been withdrawn and watertight alibis have sprung leaks while staff at the law faculty have kept quiet, and ended up behind bars.

In a country with one of the lowest murder rates in the world — Mafia crimes excepted — indiscriminate assassinations by apparent loners are virtually unknown. That a law student of exceptional promise should crumple noiselessly to her knees on a crowded campus pavement and expire hours later in hospital was unthinkable.

But the initial shock has given way to disbelief as investi-

gations uncover a network of omerta — the complicitous silence usually associated with the Mafia — in a university department where staff give every impression of having closed ranks. What remains to be seen is why. Three low-ranking depart-

ment employees are currently in prison, one charged with pulling the trigger and the other with complicity. One of the latter, Francesco Liparota, broke down under questioning and admitted to being with the alleged killer, Giovanni Scattone, and his

friend Salvatore Ferraro when they shot, apparently at random, out of the window Mr Liparota then retracted his testimony this week, after being released on house arrest and finding that his mother had received death threats.

But his original version has been confirmed by his mother, who said her son had confessed all to her. And it corresponds with the statement given to magistrates more than a month after Marta's death by assistant librarian Gabriella Alletto, who was on the other side of bookshelves when the shot was fired.

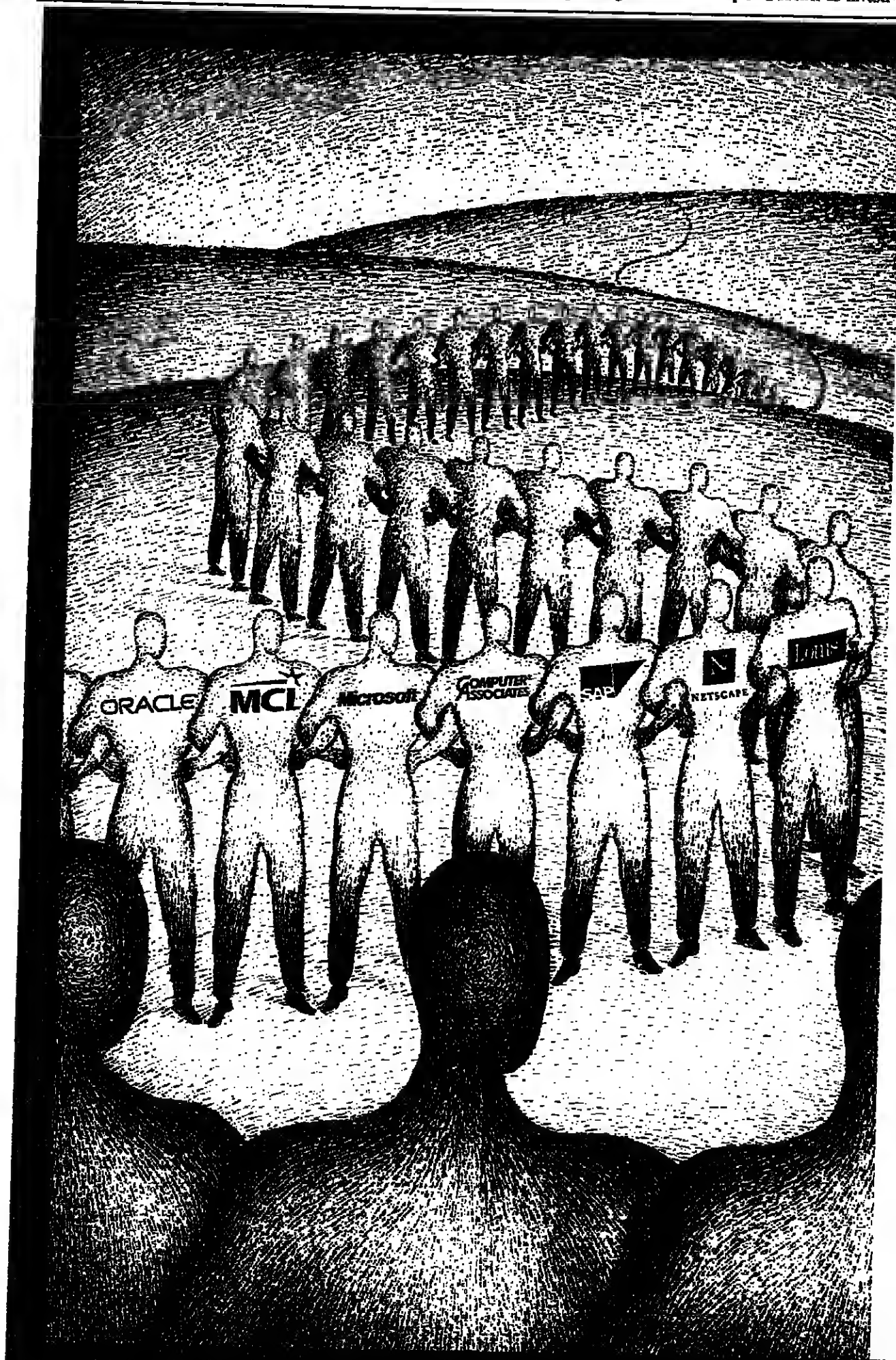
According to Ms Alletto, she reported the crime to department chiefs immediately. Her difficult decision to go to the investigators, she maintains, was made when it became clear that the department had no intention of coming clean. As a re-

sult, both the department head and the chief librarian have also been arrested.

"The university is corrupt through and through," commented one lecturer, who declined to be named. "And few departments have worse reputations than Philosophy of Law."

"Corruption" here refers to professors who attend the university only to pick up their pay cheques, delegating work and exams to low or unpaid minions such as Mr Scattone; to highly paid positions being given to under-qualified friends and relations; or to exam success depending on favours or payment.

But as they dig deeper, investigators are clearly having difficulty believing that members of a law department would protect the murderer to cover up administrative fiddles. And they are asking whether the silence surrounding Marta's death may prove to conceal something much more sinister.



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هكذا من الالاص

Dancing and music fill the streets – everyone loves it, everyone does it

MADRID DAYS

They were having a little celebration down in Carabanchel the other day. Straddling the south-west fringes of the capital, this is not a beautiful part of town. Down-at-heel with shoddy biggedy-piggledy apartments, it is just a bus stop from dusty frontier territory beyond the ring-road, reminiscent of a scene from *Paris, Texas*.

But Carabanchel is perhaps the proudest of Madrid's working-class suburbs. In Franco's day it was notorious for its prison, where a number of today's illustrious citizens spent time at the *Generalissimo's* pleasure. The prison is still there, and so is the barracks, from which soldiers kept tabs on red-belt agitators.

The barracks is a community centre now, and the women from the province of Extremadura, vibrant in scarlet and emerald embroidered frocks, with broad brocade ribbons cascading down their backs, were heading up to the former military chapel to mark the first anniversary of Carabanchel's Extremaduran bar and clubhouse.

Most working-class Madrilenos come from somewhere else, fleeing rural poverty to seek a livelihood in the capital, and Extremadura is one of the poorest regions. But the 30 or so women and young girls getting ready in the back of their clubhouse, primping and preening and stuffing up each other's petticoats, were reveling in the prospect of celebrating their origins.

Sturdy, matronly Joaqui, a steely glint in her eye and make-up as startling as her sequinned bodice, came to Carabanchel 30 years ago from Badajoz. "We don't wear costumes like this at home," she confessed, "but be-



Party time: Women prepare to dazzle in their finery for the celebrations at the Extremaduran clubhouse in Carabanchel Photograph: David Rose

ing so far from home we feel the need to express our identity. It's an emotional feeling, and we like to pass it on to our daughters." Their banter and raucous laughter ricocheted off the tiled walls, while Carmen behind the bar served up beer after frothy beer to the more sheepish men-folk, outdazzled by their resplendent wives. Loli, a shrunken nervy woman in normal life, glowed like a princess with her long gold earrings and a scarlet rose pinned above her ear, her bright shawl clutched round her skinny shoulders.

Carmen's crumpled husband, Manuel Calvo was European boxing champion in 1969. Their son Manuel, 29, with a beautiful fragile face and squashed nose, inherited his father's talent and is Spain's reigning featherweight champion. Manuel Jr is talking to Lourdes, 20, one of a handful of young women training to be a matador, who rents a room in Loli's cramped flat. Lourdes and young Manuel share the pinched, serious look of those striving to spring from their humble origins.

The Extremaduran women

erupted on to the street, shoulder pads humping, the young girls giggling and darting in their finery. And then, suddenly, the women started to sing, and the girls to dance, lifting their arms and swirling their bright skirts in the golden afternoon. They sang their hearts out on that dusty pavement, with the buses and lorries thundering by, in praise of their homeland.

Later that evening, I was eating dinner with friends in a good restaurant in Salamanca, which is a smart – what they call "pijo" – district. The place was un-

usually quiet and empty, and the waiters became more and more hunched as diners failed to materialise. We all knew why. Real Madrid, the "pijo" team, were playing their proller local rivals Atletico in the deciding football match of the league.

Only ignorant foreigners would spurn their television sets on a night like this. Finally the waiter murmured with satisfaction: "Three-one victory to Real". But by then we already knew. A human tide was roaring through this prosperous Real heartland. Armies of fans, men carrying their young sons and daughters on their shoulders, trailing purple and white flags, some embellished with the scarlet-and-gold for Spain, chanted and surged along pavements where little old ladies usually walk their poodles, past wrought-iron portals and shop windows of designer textiles and soft leather handbags.

Scooters and cars created a city-wide traffic jam, filling the night with a deafening clangour of booters. Young girls with velvet headbands leaped excitedly out of BMWs, their glossy, blazered boyfriends flushed with joy. The sound of trumpets and kazooes floated through my bedroom window intermittently all night. A fanfare of car horns shattered the dawn lull, startling the swallows, as revellers ejected from all-night bars protested at finding themselves double-parked. Madrilenos of all classes love to celebrate, out on the street, at full volume.

Elizabeth Nash

Labour restricts Burma trade

Andrew Marshall

The Government yesterday came up with a small but symbolic birthday gift for Aung San Suu Kyi, the Burmese opposition leader. It put new restrictions on doing business in Burma in protest against the country's abuses of human rights.

"The Government will not provide any financial support to companies for trade missions to Burma or for trade promotion activities within Burma until there is progress towards democratic reform and respect for human rights in Burma," said Derek Fitchett, Foreign Office minister. "We shall encourage our EU partners to take similar action," he added, in answer to a Parliamentary question.

In Rangoon, military police prevented 100 supporters of Suu Kyi from visiting her home to celebrate her 32nd birthday. About 20 of her relatives and aides, however, were allowed into her compound for a quiet ceremony. She has been under semi-house arrest since last September, when the military sealed off her home to prevent a congress of her political party.

The British announcement was welcomed by human rights campaigners. "The Burma Action group UK sees today's move by the new Labour Government as an encouraging first step," said a statement from the London-based group.

significant shorts

Turkish military reaffirms anti-Islamist stance

Turkey's staunchly secularist military said yesterday it would press ahead with its anti-Islamist campaign despite the resignation of the Islamist prime minister, Necmettin Erbakan. "The mission of the Turkish armed forces of protecting the Turkish republic's unity against the threat of fundamentalism is still valid and continuing," a senior military official said. "It must not be linked with the recent political developments," he added. Reuters – Ankara

Mafia boss seeks religion

Pietro Aglieri, the arrested Mafia boss who was once one of the mob's most ruthless killers, wants to study theology – but a leading Sicilian bishop has refused him permission. Aglieri, who was arrested earlier this month, told newspapers through his lawyer that he had a "strong desire" to sign up for a theology correspondence course through a Sicilian university. The bishop of Catania said that Aglieri would not be allowed to study theology even if civil law, which limits contact with the outside world for arrested Mafia, permitted it. Reuters – Catania

Vietnam war revisited

Robert McNamara, the former US defense secretary, arrived in Vietnam on Wednesday to re-examine a costly war he now considers a mistake. Mr McNamara is in the capital, Hanoi, to attend a four-day conference on the Vietnam war and its consequences, an organiser said. The former secretary first returned to Vietnam in 1995 to meet his wartime adversary General Vo Nguyen Giap, and to open a dialogue on a war that, by its end in 1973, had cost the lives of 58,000 Americans and more than 3 million Vietnamese. AP – Hanoi

Most-married man dies at 88

The man listed in the *Guinness Book of Records* as being married the most times – 29 – has died at the age of 88. Glynn "Scotty" Wolfe, a flamboyant minister, died of heart disease on 10 June at a nursing home, 10 days before his first wedding anniversary with Linda Essex-Wolfe, who holds the title of the world's most-married woman, with 23 husbands. AP – Redland, California

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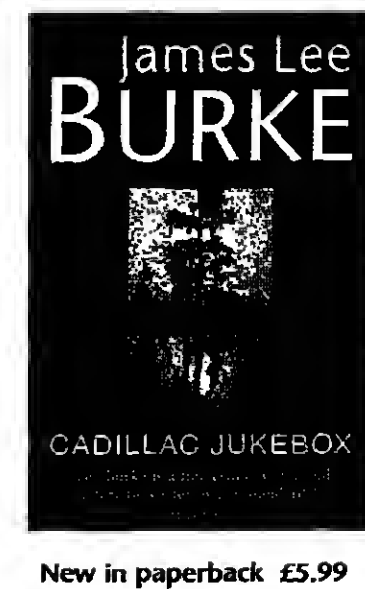
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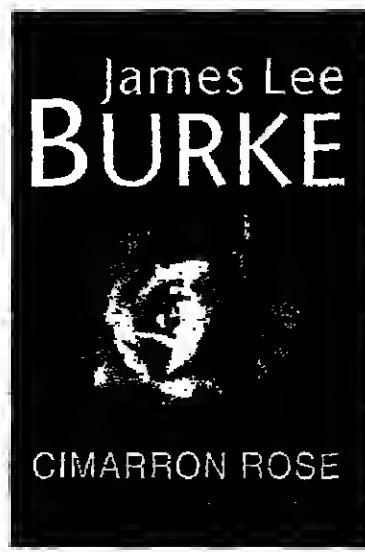


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international

G7 summit: Russia joins world's top industrialised nations in Denver as they share economic troubles and parade successes

US out of step with partners in wealth

Mary Dejevsky
Washington

Leaders of what used to be the Group of Seven industrialised countries – but are now, with the addition of Russia, judiciously called "The Eight" – gathered for their annual summit meeting yesterday evening in the city of Denver at the foot of the Rocky Mountains. Along with their teams of ministers, dozens of advisers, hundreds of lobbyists and even more journalists, Bill Clinton, Tony Blair, Jacques Chirac and the others were gearing up for two days of discussions directed at airing, if not solving, major problems of the industrialised world.

The drawback is that this year the problems are less easily defined and the leaders more politically divided than for several years past. It is not only, as many analysts affirm, that today's issues blur the borderlines between politics and economics as never before and that economic "globalisation" is starting to melt the demarcation between "domestic" and "foreign".

It is that while the United States economy is booming and its leaders are determined, according to administration officials, to use the summit to project "with pride" the success of what they call the American economic model, election results in Britain and France, as well as the public mood in Germany, show that this model may not be easily replicated elsewhere.

The US may have historically low unemployment, low interest rates, a declining budget deficit, steady economic growth and a rising stock market, but the labour "flexibility" and relatively low pay that have brought these benefits remain politically unacceptable in many other countries. So even though the Americans go to Denver preening themselves that they have turned the tables on those who once lectured them about the evils of budget deficits and a too-cheap dollar, any return lectures are likely to receive a stonier reception than US representatives appear to expect.

The addition of Russia as an almost full participant this year

is a further complication. This was a diplomatic gesture strongly supported by Washington as a psychological boost for Moscow as it negotiated the inevitable decision to enlarge Nato. Politely accepted by the old G7, Russia's participation has none the less been accompanied by

much sniping about Russia's qualifications for membership of the top countries' club. If Russia, why not India, China, Brazil, South Africa?

Partly because of Russia's participation, and partly because of the issues on the agenda, this year's summit is seen as

more political than economic. The set pieces of G7 meetings – the quest for exchange rate stability and what to do about Third World debt and development – will be far less in evidence than before. Concerns have shifted.

One discussion will focus on

demography and the public spending implications of ageing populations (a problem faced by several, but not all G7 countries). Another will consider the future of Hong Kong – with a strong statement anticipated about the need for China to respect Hong Kong's freedoms.

There may be discussion of the single European currency – but not to the point, as US officials stressed, where third countries would appear to be interfering. And – in a session where Bill Clinton and Tony Blair are expected to embody the new "special relationship"

sealed in London – the "Summit of the Eight" will promote the idea of employability, the neat compromise that new-style left-of-centre governments have settled on as a chance to reduce welfare spending, cut unemployment and create jobs without appearing heartless.



Flag time: A horse-drawn carriage turning into Larimer Square, Denver, yesterday, where flags of participating countries have been raised to welcome members of the former G7 group. Photograph: Reuters

Yeltsin savours prize of seat at the top table

Moscow — To others, it may look like winning the wooden spoon, a compensation prize given to the loser of a contest that was always unequal. But Boris Yeltsin seems certain to take his place at the summit of the leading industrialised nations with the air of a man savouring a genuine diplomatic triumph.

The Russian president has long coveted a meaningful place alongside the planet's heavyweights in G7, and today he will realise that ambition as part of a trade-off for reluctantly accepting the first wave of Nato expansion on to the territory of the former Warsaw Pact.

For him, the gathering is a chance to remind the world that, though it is down – and may yet have further to fall – Russia is not out. Its economy is in ruins, and its army in tatters, but Moscow still sees itself as an influential global player, worthy

Phil Reeves looks ahead to the 'Boris plus seven show' and what it means for Moscow

Yeltsin made an almost miraculous recovery from heart surgery and double pneumonia, and decided to nail his colours to the masts of two economic reformers – Boris Nemtsov and Anatoly Chubais.

Under their influence, the president has drawn in the country's horns, by adopting a generally softer approach to foreign policy in order to concentrate on the country's domestic crisis. In the last few months alone, Russia has recognised the borders of the Ukraine, watered down a union with the dictatorially-run Belarus, and signed a peace treaty with the Chechens.

The shadow of the now waning bear still hangs menacingly over her neighbours, especially in the Baltics. But the anti-Western mood of last year has eased. There are signs that Russia at last acknowledges that it has lost its bullying rights, and that the great power era is over.

This weekend's events – renamed "The Group of Eight" by Bill Clinton in Russia's honour – offers Mr Yeltsin the chance to indulge in a small flight of fantasy. He will have access to all but one 90-minute session of the talks, which will range across a variety of subjects. The Japanese have made clear that they intend to beard the Russian president over the Kurile Isles. And when the summit ends, the final communiqué will begin with the words, "we, eight industrialised democracies of the world".

The Russians are delighted by this, and seemed undaunted by the fact that it is extremely doubtful whether this description can accurately be applied to their nation, which has seen its GNP shrink to almost half its former size in five years.

Last night, after giving a cheerful television interview, Mr Yeltsin flew out of Moscow after publicly congratulating himself on a partial victory in his effort to persuade his parliament to introduce a tax code. His arrival in Denver early today will be another sign that Russia knows that it must integrate further into the global economic system, if it is to solve its larger economic problems. And, for that reason alone, the applause will be genuinely heartfelt when the lights go up on the Boris Plus Seven Show.



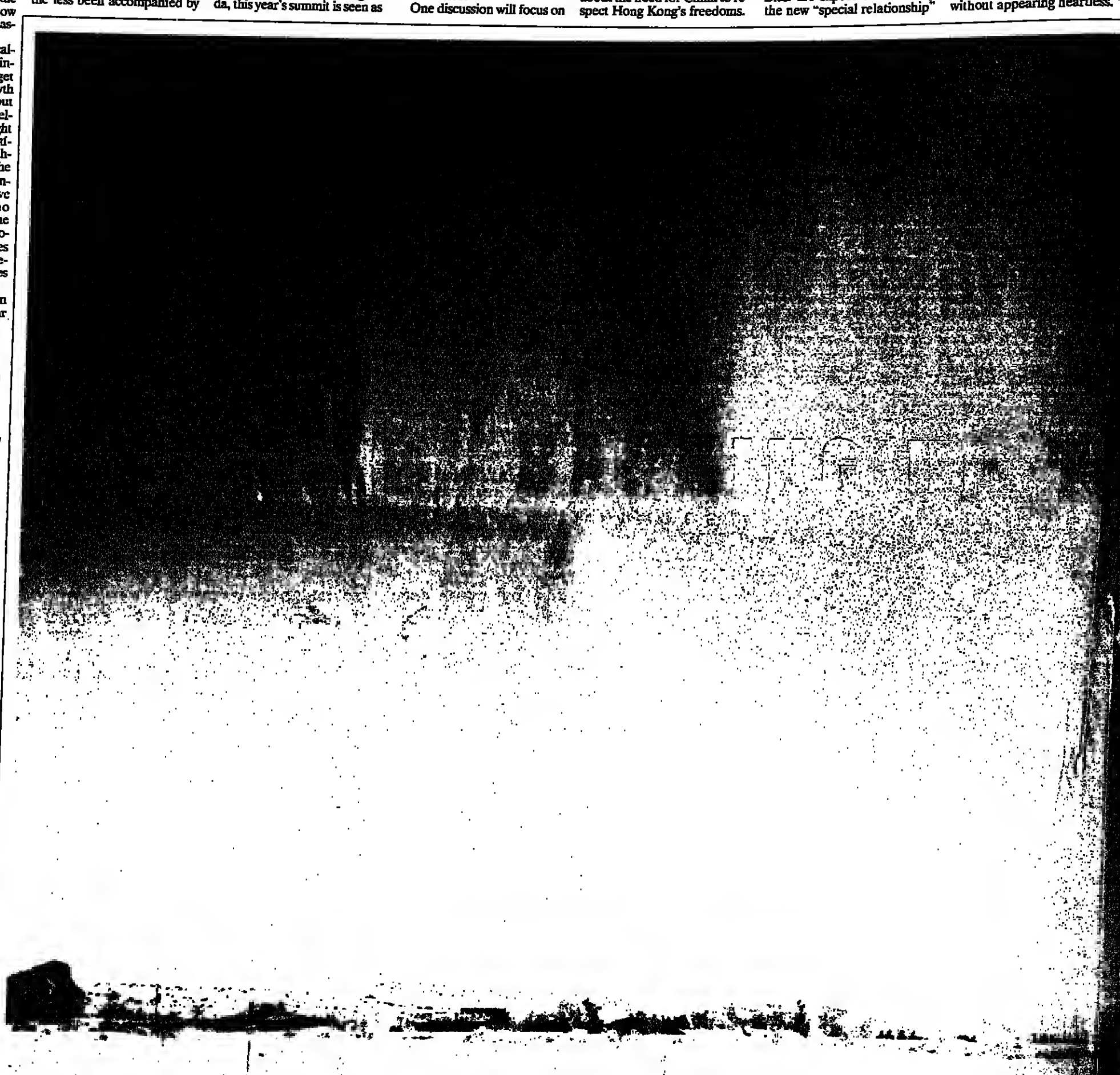
Boris Yeltsin: Chance to indulge in flight of fancy

of a place at the table alongside the likes of Japan, Germany and the United States.

The three-day summit, in Denver, Colorado, is also an opportunity for Mr Yeltsin to advance Russia's case for the next kick-back flowing from Nato's expansionist ambitions – membership of the World Trade Organisation and the Paris Club of creditors, a body which Moscow hopes will reinforce its efforts to recoup billions of dollars owed to the former Soviet Union.

The landscape has changed since the G7 gathered last July in Lyons, France. Mr Yeltsin had just had a heart attack, and was too sick to attend in person, sending his Prime Minister, Viktor Chernomyrdin. Although the 21-month war was winding down, the blood of some 80,000 victims was still fresh on the soil of Chechnya. The Kremlin was bracing for a battle with an uncompromising Nato over its plans to move on to soil that used to be Russian stamping ground.

Since then, relations with the West have warmed. Mr



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Long-suffering Patten is praised at the death

Stephen Vines
Hong Kong

British colonialism and Chris Patten, the last Governor of Hong Kong, were showered with praise from a totally unexpected quarter yesterday, a few days before the end of British rule. Tsang Yok-sing, the leader of the colony's biggest pro-Peking political party, told a surprised group of reporters that he was in danger of "being politically incorrect for saying too much in praise of the British Government".

Meanwhile the subject of his praise, Mr Patten, was holding his last question-and-answer session with legislators, most of whom have spent the past five years criticising him, but who yesterday "banged him out" — banging appreciatively on their desks as he left the chamber.

Clearly moved by the warm atmosphere, Mr Patten told

the legislators that he had "been impressed by the way in which the political dialogue in Hong Kong is conducted with moderation and responsibility and more generosity of spirit" than he had witnessed elsewhere.

Asked what he would have done had he been Prime Minister, Mr Patten, a former Conservative Party chairman, said, "I think, as things have turned out, I'd have appointed myself Governor of Hong Kong".

While Mr Patten was addressing the legislators, Mr Tsang was saying, "I have no reservation about feeling thankful for many of the things the colonial government has done".

This is no small tribute to someone whose brother and sister were arrested by the colonial authorities for distributing seditious literature to their school mates in the late Sixties.

Mr Tsang, one of the colony's most prominent leftists, has

spent most of his adult life under Special Branch surveillance. Listing the achievements of the colonial regime, Mr Tsang said it had produced a "very efficient and relatively corruption-free civil service", and had achieved much in terms of education, the environment and housing. "Many Hong Kong people", he said, "feel thankful for the British Government when they look at the situation in Macau", which is under Portuguese administration.

Mr Tsang even had kind words for Mr Patten who, he said, had made the civil service more open and accountable. Nevertheless he accused the Governor of "being at least partially responsible for some of the most tricky problems we have seen in the past years".

This criticism is mild compared to the characterisation of Mr Patten as "a whore", and "a criminal through history" — standard fare for Chinese officials and their supporters in Hong Kong. However, as his days are numbered, there have been some signs that a more benign view is being taken.

Earlier in the week, Zhou Nan (whom Mr Patten privately calls Joe Stalin), the head of the New China News Agency (NCNA), China's *de facto* embassy in Hong Kong, and an implacable foe of the Governor, said that he did not hold Mr Patten personally to blame for recent Sino-British conflicts. He stated that the Conservative government as a whole was responsible for changing British policy and putting it on a course of confrontation.

A small attempt at reviving anti-Patten acrimony was made in the legislature's chamber when Ip Kwok-him, a member of Mr Tsang's party, asked the Governor whether he was "ashamed of what you have done". Mr Ip told him that he had "some achievements, but that did not make up for the difficulties you have caused Hong Kong". Reminding legislators that the Governor is often a bruiser at heart, Mr Patten laid into Mr Ip, whom he accused of getting into his stride for next year's election, and sarcastically assured him that even if he could not win, the new regime would find a seat for him under new arrangements which are allegedly "advancing the cause of democracy".

Meanwhile Mr Tsang indirectly confirmed a remarkable statement by Wong Man-fong, a

former NCNA official, who recently told an academic seminar that the Chinese government was lobbied by leftists in Hong Kong in the Seventies; they did not want China to resume sovereignty over the colony. Mr Tsang said he was a small potato in leftist circles at this time so was not aware of any lobbying. However, when China announced that it would resume sovereignty, in 1981, "we thought it was a nonsense", said Mr Tsang. They believed that Hong Kong was of more value to China as it was and therefore could not understand why Peking wanted to change the status quo.



'If I'd been Prime Minister I'd have appointed myself Governor of Hong Kong'
Chris Patten

The tenor of Mr Tsang's remarks are in marked contrast to those of China's recently acquired allies who were once pillars of the colonial establishment. The converts, who were supporting the colonial regime while Mr Tsang was fighting it, are scared about making the smallest suggestion that Britain contributed to Hong Kong's success. ■ (AP) — Francis Cornish, a career diplomat, will be Britain's first consul-general in Hong Kong after it reverts to Chinese rule at midnight on 30 June, the Foreign Office said yesterday. Mr Cornish, 55, who has been senior trade commissioner in the colony since 1993, will take up the post on 1 July.

Indian front runner looks untouchable

New Delhi — The other candidates for the Indian presidency include a 36-year-old alleged lawyer, whose 50 signatures of proposers and seconders were all forgeries, and the first member of Mahatma Gandhi's family (as opposed to the Nehrus, confusingly also called Gandhi) to seek office since the Mahatma's death.

But the winner of next month's election seems a foregone conclusion, because KR Narayanan has won the endorsement both of the ruling United Front and the Congress Party. If he wins, this former diplomat and graduate of the LSE will become the first member of a "scheduled caste" — the first Untouchable — to hold India's highest office in the nation's 50-year history.

Kocheril Raman Narayanan's career is a demonstration both of how India's caste barriers can be transcended, but also of the powerful grip they still retain on Hindu thought. Raised in the state of Kerala in the far south, Narayan is a Paravan, a lowly group whose traditional vocation was picking coconuts. Both his father and grandfather were *ayurvedic* doctors in the region, administering natural remedies for very little money. As a child he was forbidden even to walk past the houses of high-caste villagers, as even today his brethren are banned from entering temples or using the high castes' wells.

Narayanan himself, though graduating top of his year at university, was offered nothing more flattering than the post of college clerk. A beaming, mild-mannered character, with the looks of an Indian Betty Boothroyd, he survived this rebuff and after a spell in journalism gained a scholarship to the LSE. Armed not only with a degree in economics but also with a letter of recommendation from Harold Laski to Nehru, he was speedily

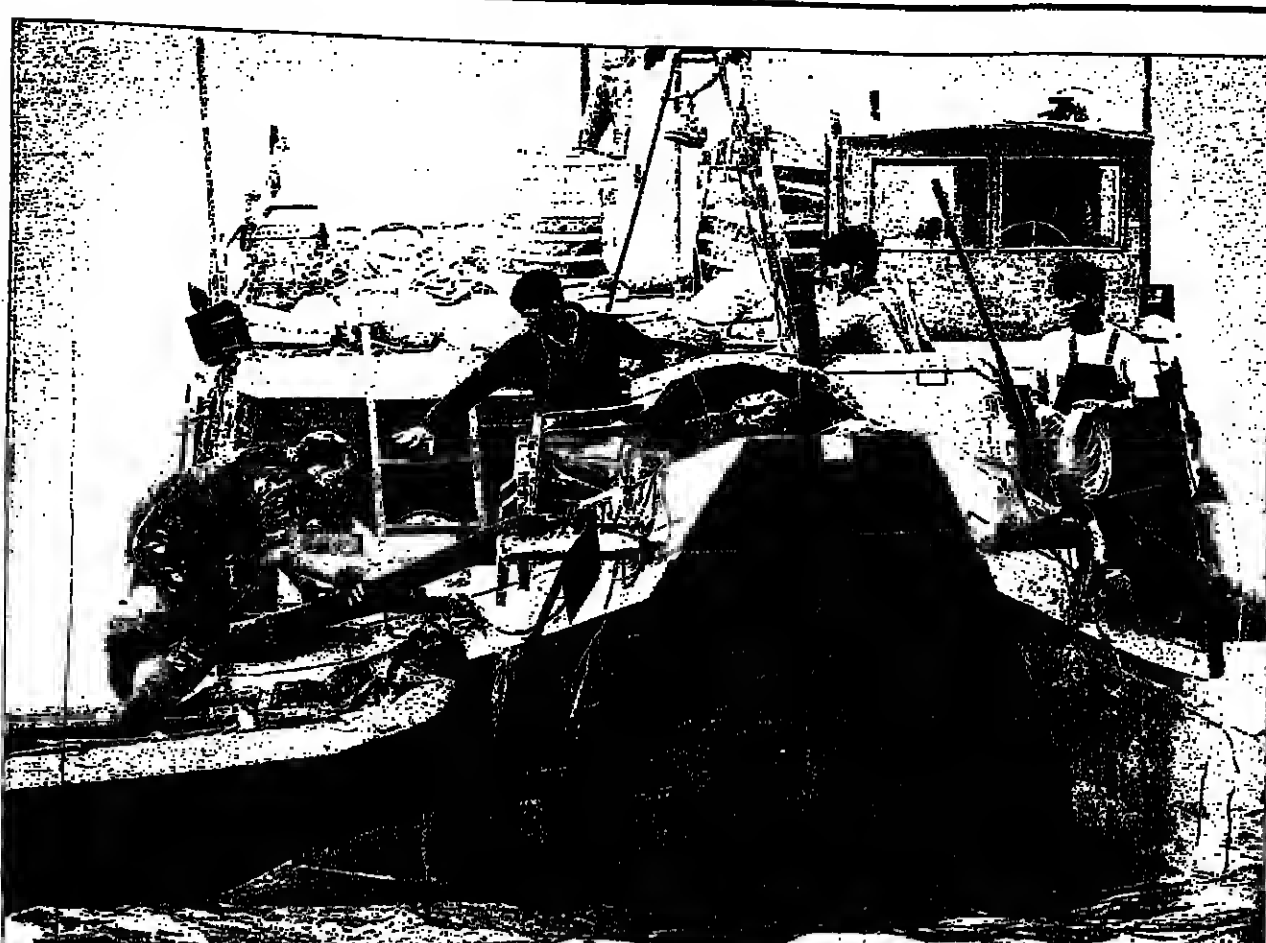
Caste system cracked but not broken — Peter Popham on the presidential race

by inducted into the diplomatic service, and has travelled the world as envoy and ambassador.

Delhi's press is saturated with tales of political corruption, among which the news of Narayanan's candidacy surfaced with lotus-like purity. Mr Narayanan "has everything that the high office demands," said the *Hindustan Times*, in a typical comment. "...high personal integrity, dignity, scholarship and grace." But such a description would also apply to the incumbent, SD Sharma, a freedom fighter before independence and a Cambridge law graduate, who has exercised considerable shrewdness and wisdom during his five-year term.

Somehow the office of President, tainted during the Gandhi's years (1966 to 1989) when successive presidents bowed the knee to the Prime Minister, has managed to claw back its original esteem, its claim to being "keeper of the nation's conscience".

Some cynics here profess themselves disgusted by the politically-correct complexion of Mr Narayanan's candidacy. "By condescendingly... choosing him," fumed the *Indian Express*, "they pretend to have upheld the social conscience... of the nation." As compensation for centuries of dire injustice, one presidency doesn't amount to much. But if Mr Narayanan can build on the acclaim with which his candidacy has been greeted and go on to do something about the stink arising from Indian politics, his nation will be grateful.



Backing the boat: The captain of a Chinese fishing vessel trying to prevent a Royal Marine from boarding his boat during one of the last patrols in Hong Kong waters before British troops pull out. Photograph: Reuters



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Ernest Bettenson

Nature probably intended Ernest Bettenson to be a civil servant but, as he himself put it, the Commissioners felt otherwise and, as he had vague academic ambitions, university administration was a fair compromise.

He came to it in 1947 as Assistant Registrar in charge of the Newcastle office of the federal University of Durham. When, 29 years later, he retired, he had been the last Registrar of the federal university, the last Registrar and Secretary of King's College and the first Registrar of the University of Newcastle upon Tyne, a combination of first and last appointments which is unlikely to be paralleled.

The origins of Newcastle University go back to 1834 with the establishment of a medical school, which, 18 years later, became the Medical School of Durham University, and in 1870 took the title of College of Medicine. The College of Physical Science (later Armstrong College), also in Newcastle, was founded in 1871. These two independent colleges formed part of Durham University and in 1908 were formally recognised as the Newcastle Division of the university; the Durham colleges formally comprising the "Durham Division". A reconstitution in 1937 merged the two colleges of the "Newcastle Division" into King's College. The continued growth of both divisions after 1945 led in 1963 to the dissolution of the federal University of Durham, and to the two divisions' becoming free-standing universities. Bettenson was intimately involved in this process.

The son of an Anglican priest, he was born in 1911. After a purely literary education at St John's School, Leatherhead, and at Christ's College, Cambridge, where he read history, he endured two spells of unemployment and spent a year training for the Cambridge Certificate of Education before entering local government. His work in the Public Assistance Department of Surrey County Council and then in the wartime Ministry of Supply as a civil servant gave him an unusually varied administrative experience in which he gained a reputation for avoiding interdepartmental jealousies and for always seeking the co-operation of all the parties interested in a problem.

His first assignment after being appointed to Durham University in 1947 was to the Newcastle office. He was soon a feature of the university landscape at Newcastle and, to a lesser extent, at Durham. He regarded himself in relation to his academic colleagues somewhat as a civil servant should regard ministers or Members of Parliament. The analogy is not exact, but he thought he had a



Bettenson: imphish

obtaining the necessary legislation and was proud of his part in the preparation of the university's statutes, which have withstood the test of time and continue to serve the university well.

Bettenson became something of an institution at Newcastle. He combined application to the job with a gift for expressing himself in a way that enlivened business. He spent long hours in his office, he lunched in the Senior Common Room, he talked shop incessantly and though he never took papers home he was really never off duty. He considered that only a habit of omnivorous reading prevented him from becoming excessively narrow in his interests.

Colleagues remember him as an accessible person, and while Bettenson had a higher regard for some of his colleagues than for others he was impartial in his official capacity. Although he disapproved of many developments in university administration he tried to work each scheme as it came forward and

in his own words, to clothe it in dignified grammatical language. He held there was no substitute for reasonable men, defined by him as people who shared or understood his point of view.

During the Vice-Chancellorship of Dr Henry Miller, in 1968-76, the university was entertained by the cheerful clash between two different temperaments in a relationship based on mutual disapproval, respect and affection. Bettenson's amusing, affectionate and discerning contribution to *Remembering Henry* (the published reminiscences of Henry Miller, 1977) is a wonderful example of Bettensonian writing and bears repeated reading.

He enjoyed writing his "historical introduction" *The University of Newcastle upon Tyne 1834-1971*, published in 1971, and delivering in that year the two excellent lectures to mark the centenary of the founding of the College of Physical Science at Newcastle.

In his official life Bettenson was unrepentantly a mixture of contradictions, all solemnity on some occasions and impish informality on others. Much of what he said was reinforced with quotations. Literary allusions and illustrative stories or parallels from history. The Bible was an essential tool for staff in the Registrar's Office.

Bettenson retired in 1976 and the following year the university conferred on him the honorary degree of Doctor of Civil Law for which he had refused his name to go forward while in office. In retirement he cultivated his garden with some success, remained an active rambler and environmentalist, and kept in close touch with the university, working on its archives and making his historical services readily available. In 1987 he published *The University of Newcastle upon Tyne After 1970 - a Selective View*, covering the years 1970-86.

An achievement of which Bettenson was especially proud was the production, also in 1987, of "1937: The Great Divide", an account of the events leading up to the reconstitution of Durham University and the formation of King's College in 1937. He regarded this account (published in the *Durham University Journal*) as a genuine footnote, however small, to the study of history.

D. E. T. Nicholson

Ernest Marsden Bettenson, university administrator; born Bolton, Lancashire 29 March 1911; Assistant Registrar Durham University 1947-52; Registrar 1952-61; Registrar and Secretary, King's College, Durham 1961-63; Registrar, Newcastle University 1963-76 (Emeritus); married 1946 Jean Smith; died Newcastle upon Tyne 3 May 1997.

Nazi roles: Gotell (right) as Hans, a German airman, in *We Dive at Dawn* (1943)

Walter Gotell

A familiar figure of authority or menace in over 90 films and countless television shows, Walter Gotell was one of those reliable character players whose faces are well known but whose names are familiar to only a few.

His balding, severe countenance made him the perfect KGB chief in several James Bond adventures, and in war films his crooked smile could quickly become a cruel sneer when he portrayed a Nazi.

Born in 1924, he went in 1943 straight from acting with a repertory company into films, which were suffering from a dearth of young actors due to the Second World War. His first films all dealt with the war - *The Day We Came*, *We Dive at Dawn*, *Tomorrow We Live*, *Night Invader* (all 1943) and *2,000 Men* (1944). Deciding to pursue a more secure business career, he gave up acting for several years. A man of strong intellect (he spoke five languages), he was an astute and successful businessman, but in 1950 returned to the screen with small roles in *The Wooden Horse* (a rare sympathetic, if enigmatic, role as a member of the French resistance), *Cairo Road* and *With Love* (1963). It was Gotell who, in the opening "teaser" sequence in which Bond (Sean Connery) is apparently assassinated, peels off the dead man's mask to reveal that it was merely

engineering companies) and, in later years, farming.

In John Huston's fine film version of C.S. Forester's *The African Queen* (1951), Gotell was one of the German seamen who briefly capture Humphrey Bogart and Katharine Hepburn near the film's climax. Subsequent Nazi roles included *Ice-Cold in Alex* (1958), *Strike the Bismarck!* (1960), as an officer on the ill-fated battleship, *The Guns of Navarone* (1961), and a particularly chilling portrayal of ruthlessness in *The Boys from Brazil* (1978). In this last bizarre tale of Hitler clones, he was Munde, an assassin dispatched by Joseph Mengele (Gregory Peck) to kill the father of one of the clones. Recognising the victim (Wolfgang Preiss) as an old comrade from his days in the SS, he tells the man that he has a difficult assignment but lies about the identity of his intended victim. When his friend assures him that orders must be obeyed, he hurls the man over a snow-covered dam.

As Morze, henchman of the memorable villainess Rosa Klebb (Lotte Lenya) in the second and most distinguished James Bond film, *From Russia With Love* (1963), it was Gotell who, in the opening "teaser" sequence in which Bond (Sean Connery) is apparently assassinated, peels off the dead man's mask to reveal that it was merely

by a double being used in a lethal training exercise for a Spectre assassin.

In the first Bond film to star Roger Moore, *The Spy Who Loved Me* (1977), Gotell had a more prominent role as the KGB chief General Gogol, a role he continued to play in other Bond films, including *Moonraker* (1979), *For Your Eyes Only* (1981), *Octopussy* (1983), *A View to a Kill* (1985) and the first Bond to star Timothy Dalton, *The Living Daylights* (1987).

Gotell's prolific television work included the recurring role of Chief Constable Cullen in the popular BBC crime series *Sofie, Sofie: Task Force*, which ran for 131 episodes from 1970 to 1976. He was also featured in the mini-series *The Scarlet and the Black* (1983), in which Gregory Peck played his first dramatic role on television as a real-life Vatican official who aided escaped prisoners of war in Nazi-occupied Rome.

Gotell's last films included the fantasy *Wings of Fame* (1990) with Peter O'Toole and Colin Firth, and the hit comedy *The Pope Must Die* (1991). In recent years he had devoted more time to his farm in Ireland.

Tom Vallance

Walter Gotell, actor; born Born 13 March 1924; twice married (two daughters); died 5 May 1997.

Michel Debatisse

On 27 May 1968, the agricultural trade union leader Michel Debatisse was in the depths of the French countryside when he received an urgent message from the Elysée Palace. General de Gaulle wished to see him the following afternoon at four o'clock. This was a puzzling invitation because the 1968 crisis was at its height. François Mitterrand was a provisional government head of a provisional government and the Communist Party had planned a massive demonstration which would culminate in a rally in the neighbourhood of the Elysée. But Debatisse did not hesitate to present himself at the time requested.

For more than an hour, as Debatisse recounted in his book *Le Projet Paysan* (1983), the General explained that everything was lost; the internal and external enemies of France had joined forces and that there was nothing he could do. Debatisse claims that he told de Gaulle that he was wrong, the country looked to him: only he could save France from this disaster. As he left he urged de Gaulle to act, to speak to the nation. The General put his hand on Debatisse's shoulder and said, "Eh, bien! Debatisse, je parle."

What the General said was much the same as he was to say to General Massu, in his mysterious flight to Baden-Baden the next day. But why did he choose to use this language to Debatisse? One answer is that, at this time of crisis, de Gaulle wished to avoid the politicians who surrounded him and wished to contact the profound forces of France. In his eyes this meant the army (hence his meeting with Massu). And also the peasant, the traditional backbone of the country. Hence Debatisse.

Michel Debatisse, who died in Palladuc, the small village in the Auvergne where he was born, was an unusually fine representative of the peasantry. He was born in rural poverty, one of seven children in a small farm. It was a coincidence that in the same year, 1929, the Jeunesse Agricole Catholique was founded on the initiative of the Jesuits. What was originally a movement with an evangelical intention became a

movement for the reform of agriculture. As one of its leaders put it, charity must become technical. It was as a young militant in this movement that Debatisse became prominent in French public life, eventually becoming the creator and the leader of the Centre National des Jeunes Agriculteurs and the President of the Fédération Nationale des Syndicats des Exploitants Agricoles.

One always hears about revolutions in France and there is never agreement about whether they are or are not taking place. But one revolution that has taken place is the agricultural revolution and it was led by men such as Debatisse and first explained in public by him in his 1963 book *La Révolution Silencieuse*. One no longer talks about peasants, one talks about "agriculteurs". One was born a peasant but one has to learn how to be an agriculteur. From being the majority of the national population and forming a world apart, as depicted in the works of Zola and Giono, those engaged in agriculture form only 5 per cent of the active population, but they are fully integrated in French political and economic society.

Debatisse saw the importance of the Common Market for French agriculture and he was in close contact with Edgard Pisani, the minister responsible for negotiating the Common Agricultural Policy in the 1960s. He was the only trade union leader to be regularly received by de Gaulle, and he exploited the Auvergne connection in order to remain close friends with Giscard d'Estaing. He became Secretary of State in the last government of his Presidency, being responsible for the agro-alimentary section of the economy to the prime minister Raymond Barre. He was also for a time a member of the European Parliament.

Although he represented the modern stand in French agriculture, Debatisse was a master of the traditional methods of protestation, leading many demonstrations. He was the first to lead his followers to protest outside the Communist Buildings in Brussels, and he led the first massive demonstration against President Mitterrand in March 1982.

From 1989 to 1995 he was the director of the milk-producing co-operative Sociadale and at the time of his final illness was assisting the minister of agriculture in the Juppé government to prepare a new law of agricultural orientation. He was a charismatic leader who early understood the necessity for change in rural France.

Douglas Johnson

Michel Debatisse, trade unionist; born Palladuc, Puy-de-Dôme, France 1 April 1929; died Palladuc 11 June 1997.

off from all legal means of employment and sources of income. In November 1980 he and his wife, Raisa Orlova, a literary critic, were permitted to leave the Soviet Union, ostensibly so that he could continue scientific research in West Germany but, since they were both stripped of their Soviet citizenship in 1981, they had effectively been deported from their native land.

Harry Shukman

Lev Zinovievich Kopelev, writer; born Kiev 1912; married Raisa Orlova (died 1989); died Cologne 18 June 1997.

Lev Kopelev

While the latter years of the Soviet regime saw countless cases of former hardline Communists who reconstructed themselves as would-be reformers, if not outright dissidents, Lev Kopelev belonged to the group whose dissident credentials could never be in doubt.

Born in Kiev in 1912, he was a fanatical Communist in his youth and an ardent participant in the collectivisation campaign of the late 1920s and early 1930s, when thousands of young Bolshevik activists roamed the villages to persuade, cajole and, if all else failed, with military force terrorise the peasants

into pooling their resources in collective farms. He graduated from the Moscow Foreign Languages Institute as a specialist in German and during the Second World War served as a propaganda officer among German prisoners. Like many other intellectuals who erroneously believed that the end of the war signalled a relaxation of the regime's mind control, he uttered critical remarks about the barbarism of the Red Army in occupied Germany, and was arrested and sentenced to 10 years in the camps. In a KGB camp-within-a-camp reserved

for scientists - a *shantshika* - he met another future pillar of the Soviet dissident movement, Alexander Solzhenitsyn, later he served as the model for the character of Ruben in Solzhenitsyn's 1969 novel *The First Circle*.

Kopelev was released in 1956 and as a labour of love took on the task of getting Solzhenitsyn's work published. In 1962 he showed the manuscript of *One Day in the Life of Ivan Denisovich* to Alexander Tvardovsky, editor-in-chief of the magazine *Novy Mir* and barbing of change in cultural, if not general, policy during the 1960s. It was at this time that Khrushchev

was feeling the pressure mounting from the reactionary Stalinist elements in the leadership and *One Day* served the purpose of reinforcing the policy of de-Stalinisation that he had launched in his famous "secret speech" of February 1956. If anything, its publication probably had the opposite effect: while in the West this event was interpreted as a sign of liberalisation, inside the Soviet Union it only added to the already long list of "errors" that would be used against Khrushchev when he was ousted in October 1964 and the Brezhnev era of retrenchment was ushered in.

Kopelev, with his patriarchal white beard and rhinoceros appearance, seems not to have taken an active interest in the movement for Jewish emigration which would snowball after 1971 but in 1965 he signed a protest against the arrest and trial of the samizdat writers, Andrei Sinyavsky and Yuli Daniel, and was thereafter a prominent activist in the human rights movement, associated with such luminaries as Andrei Sakharov, Pavel Litvinov, Alexander Ginzburg and General Peter Grigorenko, as well as Solzhenitsyn himself.

Expelled from the Party in 1968 for an article, published in the West, (belatedly) warning of a resurgence of Stalinism, and for letters in support of Sakharov and Solzhenitsyn, Kopelev began publishing articles and books, again in the West, on the horrors of collectivisation and the Gulag. In particular, his work on the camps, *To Be Precise: Forever* (*Vechno khranit'sya*, the stamp on every political prisoner's dossier), aroused considerable interest when it was published in the West in 1978. In 1977 he was expelled from the Union of Soviet Writers, which meant he could no longer publish inside the Soviet Union, and was thus also cut

off from all legal means of employment and sources of income. In November 1980 he and his wife, Raisa Orlova, a literary critic, were permitted to leave the Soviet Union, ostensibly so that he could continue scientific research in West Germany but, since they were both stripped of their Soviet citizenship in 1981, they had effectively been deported from their native land.

Harry Shukman

Lev Zinovievich Kopelev, writer; born Kiev 1912; married Raisa Orlova (died 1989); died Cologne 18 June 1997.



Kopelev: deported

Births, Marriages & Deaths

BIRTHS

HOUSES: To Richard and Catherine, a son, Luca Thomas Eldridge, 13 June 1997.

STORMER: On 17 June 1997, to Frances (née Andry) and Simon, a son, Fergus Alexander, a brother for Mar and Rebecca.

DEATHS

BOYCOTT-BROWN: On 12 June 1997, aged 75 years, Peggy Lesley, much-loved mother of Simon, Heron and Hughie, Funeral Service at Middleton Parish Church, Suffolk, on Tuesday 24 June at 11 am. Donations, made payable to Alzheimer's Disease Society, c/o Tony Brown's Funeral Service, New Cut, Southwold, Suffolk.

HUBBARD: Peacefully at home, on 17 June 1997, Deborah Elaine, aged 34. Much-loved wife of Robin, devoted mother of Rory, daughter of Archie and Madge Campbell, and sister of Angela and Claire. Solely missed by all. Private funeral. Thanksgiving service at St Peter's Church, Surrey, on 12 July at noon. Family flowers only. Donations to the Dr M. Brada Research Fund may be sent to Sherlock & Sons, Trellis House, Dorking.

PAPPE: On 18 June, peacefully, in a home nursing home, Dr Vera, PhD, aged 89 years. Deeply loved wife of Helmut. Private family cremation. All enquiries to Anne and Ken Funnell, Directors of Hope, telephone 01273 821985.

IN MEMORIAM
BROUGHTON: Sandy, Love and miss you, Mark.

Birthdays

The Duchess of Gloucester, 51; Professor William Balchin, geographer, 81; Sir Brian Barber, former High Commissioner to Australia, 63; Professor Arthur Bell, former Director, Royal Botanic Gardens, Kew, 71; Lord Brightman, former Judge of Appeal, 86; Dame Catherine Cookson, novelist, 91; Miss Wendy Craig, actress, 63; The Earl of Cranbrook, chairman, English Nature, 64; Brigadier Jill Field, former Director, Defence Nursing Services, 63; Mr Stephen Frears, film director, 56; Mr David French, former director, Relate, 50; Mr Ronald Hines, actor, 68; Mr Richard Hordley, former chairman, Halifax Building Society, 75; Mr Alan Lamb, cricketer, 43; Mr Scotie McClure, broadcaster, 41; Mr Stanley Metcalfe, former chairman, Ranks Hovis McDougall, 65; Sir David Mitchell, former MP, 69; Mr Johnny Morris, broadcaster, 81; Sir Antony Pilkington, former chairman, Pilkington plc, 62; Mr Paul Ramirez, tennis player, 44; Mr Lionel Richie, singer and songwriter, 48; Mr Alan Rogers, rugby player, 58; Professor Sir Richard Southwood, zoologist, and Pro Vice-Chancellor, Oxford University, 66; Mr John Taylor, musician, 37; Miss Claire Thomas, writer, 64; Sir Haydn Tudor Evans, former High Court judge, 77; The Right Rev John Waine, former Bishop of Chelmsford, 67; Mr Brian Wilson, musician, 56.

Anniversaries

Birch: John Cleveland, poet, baptised 1615; Anna Letitia Barbauld (Aikén), poetess, teacher and hymn-writer, 1743; Jacques Offenbach (Jakob Levy Eberst), composer, 1819; George Edmund Street, architect, 1824; Karl Schwitters, artist and poet, 1887; Errol Flynn, actor, 1909; Deaths: Willem Barents, explorer, in the Arctic, 1597; Carl Friedrich Abel, viola player and composer, 1787; Jules-Alfred Huot de Goncourt, writer, 1870; Francisco (Pancho) Villa (Doroteo Arango), South American revolutionary, assassinated 1923. On this day the first municipal fire brigade in Britain was founded at Beverley, Yorkshire, 1726; 147 people were confined in the cell later called the Black Hole of Calcutta, from which only 23 came out alive, 1756; in France, a revolutionary mob invaded the Tuilleries, 1792, on the death of her uncle, William IV, Queen Victoria ascended the throne, 1837; a new Tay Railway Bridge was opened for public traffic, 1887; greyhound racing was commenced at the White City, London, 1927; the Battle of the Philippine Sea ended, 1944; the Soviet Union and the United States agreed to institute a "hot line" between the White House and the Kremlin, 1963; Sheila Scott arrived at London Airport after being the first Briton to make a round-the-world solo flight, 1966; Today is the Feast Day of St Adalbert of Magdeburg, St Balin or Baginus, St Goban, Saints John Fenwick and John Gavan, St Silverius, Pope.

Lectures

National Gallery: Rebecca Drew, "Moons (III): Turner, *The Fighting Temeraire* 'tugged to her last berth to be broken up'." 1pm.
Victoria and Albert Museum: Francis Pugh, "British Design Between the Wars", 2.30pm.
Tate Gallery: Sarah O'Brien Twobig, "Ellsworth Kelly: intuition, sensuality and abstract Classicism", 1pm.

Luncheons

Ministry of Defence
Mr George Robertson MP, Secretary of State for Defence, was the host at a luncheon held yesterday in Lancaster House, London SW1, in honour of General George Joulain, Nato Supreme Allied Commander Europe.

Receptions

Board of Deputies of British Jews
The Board of Deputies of British Jews held a farewell reception yesterday at Commonwealth House, London WC1, in honour of Archbishop Luigi Bommarito, Apostolic Nuncio, Mr Aubrey Rose, Vice-President of the Board, and Sir Sigismund Sternberg were the speakers.

Synagogue services

Details of synagogue services to be held tomorrow may be obtained by telephoning the following. Sabbath begins in London at 9.07pm.
United Synagogue: 0181-343 8899. Federation of Synagogues: 0181-202 2263. Union of Liberal and Progressive Synagogues: 0171-580 1663. Reform Synagogue of Great Britain: 0181-349 4731. Spanish and Portuguese Jews Congregation: 0171-299 2573. New London Synagogue (Masorti): 0171-328 1026.

ROYAL ENGAGEMENTS

The Princess Royal takes the chair at the first Day Parade at Queen Victoria School, Dunblane, Perthshire.
Changing of the Guard
The Household Cavalry will be mounted tomorrow at the Queen's Life Guard at Horse Guards, Horse Guards, Whitehall, London SW1. The Queen's Guard, at Buckingham Palace, will then be changed by the Household Cavalry.

BCCI employees could claim for stigma loss

LAW REPORT

20 June 1997

Malik and Another v Bank of Credit and Commerce International SA (in compulsory liquidation); House of Lords (Lord Goff of Chicheley, Lord MacKay of Clashfern, Lord Mawd, Lord Nicholls of Birkenhead and Lord Steyn) 12 June 1997

Where an employer was in breach of the implied trust and confidence term in a contract of employment, and as a consequence an employee's future employment prospects were adversely affected, the employee could claim damages. The House of Lords allowed the appeal against the decision of the Court of Appeal that the appellants had no reasonable cause of action against the respondents.

The appellants were both employed by BCCI in London, and lost their jobs when the bank collapsed in 1991. They claimed damages in the winding up for "stigma" loss, claiming that their association with BCCI had placed them at a serious disadvantage in finding new jobs.

A trial of the preliminary issue, whether their evidence disclosed a reasonable cause of action or sustainable claim for damages, was directed. *Elford Tibbitts QC and Andrew*

Suffern (Alhambra) v for the appellants; *Patrick Hias QC and Christopher Jones (Llewellyn and Durrant)* for the respondents.

Lord Nicholls said that it had been assumed for the purpose of the preliminary issue that the bank had operated in a corrupt and dishonest manner, that the appellants were innocent of any involvement, that following the collapse of BCCI its corruption and dishonesty had become widely known, that in consequence the appellants had been handicapped in the labour market because they had been stigmatised by reason of their previous employment by BCCI, and that they had suffered loss in consequence.

It was also agreed that the appellants' contracts of employment each contained an implied term to the effect that the bank would not, without reasonable and proper cause, conduct itself in a manner likely to destroy or seriously damage the relationship of confidence and trust between employer and employee. An employee who only learnt of the trust-destroying conduct after the employment contract

had ended for other reasons ought to be entitled to damages. The losses suffered might, exceptionally, not be confined to loss of pay and other premature termination losses.

The crucial point in the present appeals was whether continuing financial losses were recoverable for breach of the trust and confidence term. If it was reasonably foreseeable, then in principle damages in respect of the loss should be recoverable.

The contrary argument was that, since the purpose of the trust and confidence term was to preserve the employment relationship, the losses recoverable for breach should be confined to those flowing from the premature termination of the relationship. That was an unacceptably narrow evaluation of the trust and confidence term. That approach brought one face to face with the decision in the wrongful dismissal case of *Addis v Gramophone Co Ltd* [1909] AC 488, which was generally regarded as having decided that any loss suffered by the employee's chances of obtaining al-

ternative employment was to be excluded from an assessment of damages for wrongful dismissal. The observations made in *Addis v Gramophone Co Ltd* could not be read as precluding the recovery of damages where the manner of dismissal involved a breach of the trust and confidence term, and that caused financial loss. The case was decided in the days before that implied term had been admitted. Now that the term existed and was normally implied in every contract of employment, damages for its breach should be assessed in accordance with ordinary contractual principles.

It had been submitted that that appellants' claims for damages to their existing reputations were barred by the decision in *Withers v General Theatre Corporation Ltd* [1933] 2 KB 536, but there was a conflict between that case and *Marbe v George Edwards (Daly's Theatre) Ltd* [1928] 1 KB 269. *Marbe* was to be preferred, as the views expressed in that case accorded better with principle.

The appeals would be allowed. The agreed set of facts disclosed a good cause of action. *Kate O'Hanlon, Barrister*

كلنا من الواصل

Hague's big challenge – unity and, er, ideas

The case for William Hague was easier to set out at the start of the Conservative leadership election than at the end of it. Although this newspaper's sympathies lean towards Kenneth Clarke, it was possible to give Mr Hague the benefit of the doubt. There was an uncertainty in his manner and a nagging question of what he stood for, but it could be imagined that these would be overcome as he grew in confidence. He seemed intelligent, relatively open-minded and, above all, he appeared to recognise the scale of the challenge presented by New Labour. It was Mr Hague who wrote an article in the *Spectator* which would not have looked out of place in the *New Statesman* under a Tony Blair byline, circa 1994. Mr Hague's youth alone cast him more convincingly than Mr Clarke as the man to modernise the Tory party.

That, then, was the case for Mr Hague some weeks ago. But he did not have a smooth leadership campaign. The election tested him and found out some of his weaknesses. His spatchcocked deal with Michael Howard at the start could have been passed off either as evidence of an attractive modesty or as an impressively subtle feint. But then a series of mistakes, particularly in his handling of the European issue – the only policy issue of the campaign – betrayed an uncertain pair of hands and conveyed a muddled message. The Thatcher endorsement

was a disaster. This staged event was deemed necessary by the public relations advisers as a response to the Clarke-Redwood "instability pact", but the judgement was faulty. To have the candidate of the "fresh start" endorsed by the Undead Baroness, still keening for a seven-year-old betrayal unavenged, made no sense. It means Mr Hague's leadership is in hock to the past, because Lady Thatcher and her dwindling band of torch-carriers will always be able to claim that it was she who pushed him over the finishing line. He managed to start as the unity candidate and ended as the candidate of division, with nearly half of his colleagues feeling excluded.

In spite of the unexpectedly large margin of Mr Hague's victory, the outcome does not seem decisive. Mr Hague has not yet won the confidence of the party in the country (let alone that of the wider electorate). He will be overshadowed in the Commons by the sulking beasts of the backbenches, Kenneth Clarke and Michael Heseltine. And the only force that will keep many Tory MPs in the party at all will be the prospect of another leadership election on a different franchise. Paradoxically, it was John Redwood who declared (before his Faustian pact with Mr Clarke): "The only way to end the Conservative civil war is to settle which side has won." Well, Euroscepticism has won, but it will not end the civil war. Most likely there

will be another leadership election, in which party members will probably have a say on the basis of one member, one vote, like the Labour Party. That election may not resolve anything unless other strong candidates have come into Parliament in the meantime – Portillo, perhaps, or Patten?

Yesterday's vote told us little about how the party will deal with the historic defeat it suffered on 1 May. Will it respond, as Labour did in 1979, when it suffered a much lesser defeat, by intensifying its internal struggle? Or will it copy Labour's response to the catastrophic defeat of 1983, which saw

the start of a 14-year Long March back to connecting with the people. Yesterday, it was as if Tory MPs saw the dangers of voting for the equivalent of a joint ticket of Roy Hattersley and Tony Benn. But they voted for an unknown quantity instead.

The challenge facing the Tory party is to modernise its ideology and organisation. It needs a revolution if anything more dramatic than that achieved by Mr Blair with the Labour Party if it is to have any chance of competing on equal terms at the next election. Mr Hague will no doubt make a quick start on establishing central control of pre-

sentation and candidate selection. He may even be able to build some bridges to the One Nation wing of the party – a tougher task, that. But there is a big hole where the ideas should be that will reconnect the party with the voters.

Of course, the question of the Tory party's future seems distant irrelevant in the face of a dynamic new Labour government which has much to do and 10 or 15 years in which to do it. But strength of opposition matters to democracy. This is not a pious argument dreamt up to justify coverage of the Tory drama. For now, of course, Mr Blair can do no wrong (although we have our doubts about the Millennium Dome) and the main role for the Tory party is to provide an entertaining sideshow. But there will come a time when New Labour's authoritarian streak will demand to be challenged.

This newspaper argued that Mr Clarke would be better placed not just to stand up to Mr Blair but to rebuild the party as a broad-based political force. Above all, our argument rested on the assumption that, if the Tory party drives itself into an isolationist position on the European question, it will split and put itself out of range of the real concerns of British politics for a long time.

The real issues that face politicians in the next decade are those of preserving social cohesion in the face of global economic pressures, technological change and environmental

degradation. The Labour government has placed itself across the full breadth of voters' concerns on these issues, while the Conservatives have next to nothing to say. Mr Hague has probably about a year in which to establish his authority, by developing a convincing plot for the party's recovery. He started on a good note last night, with a generous appeal for inclusive politics within his party. Wish him well, for the sake of a healthy democracy – but wait and see before deciding whether he can pull it off.

A Noddy in the wrong direction

The Enid Blyton rehabilitation proceeds apace. Rumour has it that her books are even stocked in public libraries again. And we report today that the *Toytown One* – aka Noddy – has finally been exonerated of all charges of racism, sexism and incitement to violence. According to an analysis by a New Zealand mathematician, very little crime in *Toytown* is committed by golliwogs, and Tessie Bear is a fine role-model for girls. Of course, this analysis would be conducted by a mathematician. No one with any feeling for language could overlook the fact that Noddy and Big Ears stories are feeble and worthless.

LETTERS TO THE EDITOR

IRA plan to trump the Orange card

Sir: I welcome the view expressed in your leading article today "The political challenge of another Irish outrage" (18 June) that efforts should be made in due course to persevere with the "conversation over Northern Ireland's future". Peaceful negotiation is the only sure way forward.

Before we reach that point however there are clearly obstacles to be overcome – not least that posed by the recent IRA killings. These have provoked widespread bewilderment as well as outrage. Without seeking to justify them I think however that a cruel logic consistent with Northern Ireland's brutal political traditions can be detected.

The killings were a deliberate provocation designed to bring about a yet more confrontational rerun of Drumcree last year. The IRA, in my view, want to see how this government will react to a concerted show of Unionist force. Will it cave in or will it uphold the rule of law?

I believe the IRA perceive Northern Ireland to be built ultimately on the threat of generalised Unionist violence, a threat repeated at crucial times in its history – 1913, 1922, 1974, 1996. This is what is meant by the Orange card.

The IRA want to know whether something has now been put together that can trump that card. They must reason that this is the essential question and that until it has been put and answered clearly no meaningful progress can be made. That is why they are willing to sacrifice Sinn Féin's position at the negotiating table, at least for now. They will have anticipated the breaking-off of contact between Sinn Féin and the British government and accepted it as a price worth paying.

This government has not really put a foot wrong over Northern Ireland. They succeeded in putting the ball in the court of the IRA. The IRA have now taken a decision to return it by setting the government a test.

Subject to the circumstances are the clarity with which these "messages" can be discerned is nevertheless to be welcomed. It is a very hard game that the IRA are playing. But that is the nature of politics in the province, or at least it has been.

The IRA calculate that they can start the famous peace-train any time they like and that the British government will not be in a position to react to the indignity of being put through hoops by permanently excluding them.

It is a strategy of mayhem, but it is a strategy.
NICK MARTIN-CLARK
London WC1

Sir: Perhaps Dr Mo Mowlam, Secretary of State for Northern Ireland, could seek advice from Nelson Mandela, who faced a similar problem to that posed by Drumcree.

In his case, it was the Zulus who insisted on asserting their ancient tribalism by parading through the streets wearing fur hats and carrying clubs and spears, regardless of the risk of violence and death.

In Drumcree, although it's bowler hats, broties and cloth horse-collars, the attitudes and risks are the same.
LEONARD PRIDE
Cleckheaton, West Yorkshire



Urban louts, rural louts

Sir: Is Polly Toynbee ("Labour should go to earth on fox-hunting", 16 June) seriously putting forward the argument that because methods of food production (animal farming) are so horrendous it is hypocritical to abhor other inhumane practices? I think the telling phrase in her article is "They [fox-hunters] are people out enjoying themselves."

I have yet to hear an inhumane farmworker, transporter or slaughterer admit to this. "Animal sentimentalists" are already aware that many hound pups are "surplus to requirement" each season and that hounds have fulfilled their useful purposes to the hunt well in advance of their normal lifespan, at which point they are dispatched, often in the most barbaric fashion. If Ms Toynbee imagines that racehorses are found cosy barracks in hunt quarters I suggest that she speaks to one of the many equine charities, who will confirm that thousands of racehorses each year are sent off to abattoirs or to end their days in wretched riding establishments.

Inhumanity exists in all classes. The difference is that if a group of louts from an inner-city housing estate buoys down, terrifies, and tortures an animal to death they are roundly condemned. If a group of "countryfolk" form a group and call themselves "a hunt" some gullible souls will accept their behaviour as traditional and romantic and therefore quite acceptable. That is the only respect in which this is a class issue.
ANNA FARLOW
London NW22

Sir: As Polly Toynbee has pointed out, the most powerful argument in defence of hunting is human freedom. The rejection by Labour and Liberal Democrat MPs of any Bill to ban hunting will be a means of forging a left/right consensus on human rights.

Many supporters of country sports on the right are not sympathetic to abortion and gay rights, and are suspicious of press freedom. A decision by Parliament not to interfere in the rights of hunting people will be an important lesson to right-wingers that minority rights are as important to them as to homosexuals and women with unwanted pregnancies. Parliament has no business legislating on such a matter.
P E SHIRLEY
London W6

Sir: Why so mealy-mouthed? A ban on fox-hunting will not merely deprive the hound pictured on your front page (17 June) of his livelihood, but of his 60,000-odd hounds that make up the packs of England. They will not find cosy homes in someone's house; they are pack animals, trained over centuries for one purpose: to follow and kill as quickly as possible (vastly quicker than a snare, or a shotgun which does much harm and little good to the countryside, however enchanting it may be as a cub).

The hounds cannot become pets. They will all be killed. Imagine how.
CORNELIA STARKES
Donnington, Gloucestershire

Love conquers religious divide

Sir: Twenty-two years ago I faced a similar dilemma to Danni and Larry ("At the crossroads where races collide", 18 June). I, a white Jewess, fell in love with an Asian Muslim. Initial family opposition was overcome, but harder to overcome was my own religious and cultural conditioning, which had never prepared me for such a challenge.

We married after much soul-searching, knowing that to do so might hurt those close to us. Our marriage, 22 years later, is still going strong. My in-laws treat me as a daughter and my own parents, while they were alive, grew to love my husband deeply. We have two healthy and balanced teenage sons. Like any married couple, we have had to make compromises, but we have always respected and supported each other's identity. My husband joins in with many of my traditions and I support him in his observance. I still see myself as a Jew, and my husband as a Muslim.

There are many rituals I practice and many I don't, but I don't feel that this would necessarily have been different if I had married another Jew. Indeed, many of my Jewish friends are totally non-observant. It hasn't always been plain sailing. Organisations that promote the dialogue between religions do exist. We have attended a fascinating series of Jewish-Muslim lectures organised by Calamus, a Muslim

organisation, and we have also looked at interfaith issues within a Reform Synagogue setting.

I feel privileged to have had a window into a different culture and I'm sure my husband feels likewise. My life has been enriched by it. In this age of increased marital disharmony, surely what is most important is that two people love and respect each other and despite differences determine to make their marriage a success.
Mrs SUE DOSSA
Croydon, Surrey

Lessons of the CB battle

Sir: Further to the arguments for and against mobile phones, I remember in the early Seventies trying to get CB radio accepted as a legal form of communication.

The government of the day's stance was that a driver could not be seen to be in control of the vehicle while using in-car communications. CB then, however, was not seen as something which could be profitable; it was relatively inexpensive and there was no way of taxing the talk time. Mobile phones are at least as distracting as CB was but generate revenue for business and the Treasury. It would seem, yet again, that the hypocrisy of profit leads where common sense is refused entry.
T JONES
Newcastle upon Tyne

Falling dioxins in cod liver oil

Sir: You published material taken from a press announcement issued by Friends of the Earth (report, 16 June), giving credibility to damaging claims about cod liver oil.

Last month the Government's Committee on Toxicity of Chemicals in Food, Consumer Products and the Environment published a review of the levels of dioxins in food, breast milk and fish oils. It reported that, in common with all other foods, fish oils contain a level of contamination. However, it was noted that overall levels of PCBs and dioxins in foods, human breast milk and fish oils are falling. The daily intake from human breast milk can be up to 15 times that from cod liver oil.

At the time of publication, Sir Kenneth Calman, Chief Medical Officer, confirmed that the levels in fish oils "are very unlikely to pose a risk to the health of breast-fed infants, toddlers, schoolchildren or adults".
TOM HARDMAN
Director, Seven Seas Ltd
Hull

Still surly

Sir: The competition of high-street banks and building societies has reached such heights that counter-staff civility borders alarmingly on sycophancy. It is refreshing to note that the Post Office still offers old-fashioned surliness, leaving one in no doubt that the customer is the inconvenience. Long may their queues remain, er... long.
ROBERT A BROWN
Greenford, Middlesex

Stonehenge: close the road

Sir: It is very regrettable that the Millennium Commission has refused to support the project for creating a millennium park around Stonehenge. By general agreement Stonehenge is our prime national monument, and its proper conservation and presentation should be a top priority for all the agencies involved. Unfortunately, the failure of these agencies to agree on a satisfactory scheme for the presentation of the monument has provided the Commission with a good reason for withholding support.

It must be hoped that, now we must return to square one in designing presentation of the monument commensurate with its importance, some of the agencies involved can be persuaded to take the actions which have so far jeopardised the whole enterprise. This means, first, that the A344 past the monument must be closed; second, that the A303 trunk road must at least be placed in a tunnel sufficiently long to screen it from the monument – both of which measures involve firm decisions by the Department of Transport – and third, that the Ministry of Defence must be persuaded to vacate those parts of the Stonehenge World Heritage Site which it continues to occupy.

If these three steps could be taken, all need not be lost and the presentation of this outstanding but much abused national monument could still be brought up to the international standards it requires before the beginning of the next millennium.
R A BUCHANAN
Emeritus Professor of the History of Technology
University of Bath

Tow-rags and acrobatic toes

Sir: Walter Roberts ("Grammarians weep! The bell tolls for 'whom'", 14 June) suggests that "toe-rag" is derived, phonetically from "taureg".

Surely the original phrase always included the adjective "dirty" and comes from "dirty tow-rag" – tow-rags being used by engineers to apply grease to the mechanical parts of their machines. A dirty tow-rag is obviously something that is singularly unattractive, not to say repellent.

Dr IAN K BLOOR
Kinsley Heath, Cheshire

Sir: John Appleton's letter (18 June) referring to the use of tow-rags to clear up messes in hospitals reminds me of a wartime incident involving a nervous young hospital orderly in the Friends Ambulance Unit.

This young man, new to work on the wards (where apparently tow-rags were still in use instead of toilet paper), was embarrassed to hear a hoarse whisper from behind the bed curtains asking for paper. In his embarrassment he ignored it, as he did two or three further requests. Finally he blurted out "use your towel", provoking the swift and angry reply "I'm not a bloody acrobat".
GILBERT WOOD
Ryton, Essex

Sir: Surely every grammarian knows that the expression "toe-rag" was coined by the script-writing team of the ITV series *Minder* as euphemistic rhyming slang for "slag".
JOHN MITCHELL
Hertford

The disaster striking France

It is a serious mistake to equate the victory of the Socialist Lionel Jospin and his plural left alliance (radical socialists, communists and ecologists) in France with the Labour victory of Tony Blair in Britain which put an end to 18 years of Conservative government.

This last was a sensible decision by the voters of the United Kingdom, aimed at guaranteeing the liberal reforms that have made the British economy the most dynamic in Western Europe and the fastest generator of employment; and at punishing a Conservative Party which, under the mediocre leadership of John Major, had been held captive by a handful of ultra-nationalists (Redwood, Portillo, Lilley) whose demagoguery might well have provoked a definitive break between the United Kingdom and the European Union, which now absorbs 60 per cent of British exports.

The electoral results in France bear witness to the confusion and lurching disorientation of a society which, for 20 years now, has been swinging from left to right and from right to left, each swing ending in frustration, because of policies that have been systematically aggravating unemployment, social hardships, taxes, and the weakness of French enterprise in competitive world markets, and attenuating the international influence of France. It is this failure of the two great ideological currents – conservative and socialist – which has made possible the alarming growth of extremist, xenophobic nationalism manifest in the increased vote for the Front National de Le Pen (15 per cent).

The decadence of France has no explanation other than the anachronism and cowardice of her political class

'The nation's decadence has no other explanation than the anachronism and cowardice of her political class'

by Mario Vargas Llosa

and, within this class, of an illiberal right. Having won the most crushing majority ever enjoyed by any government in the Fifth Republic, the right did not dare to make a single one of the basic reforms in the economic and social structure (those which from 1979 on, Mrs Thatcher had made in Britain) required to modernise France and enable her to enter the 21st century through the front door.

That is why France still has the largest, most interventionist state and the most rigid labour laws in Europe, which explains why unemployment is 13 per cent, while Britain's is only 6 per cent – and a scale of taxation so heavy that its "black economy" has been burgeoning to Italian proportions.

Why should the voters have granted the renewed mandate Chirac desired of them when, in four years of government by the right, they have been frustrated in all their expectations by unreal populist promises? Chirac, let us remember, promised to increase employment and reduce taxes, assure growth and to reinforce the

welfare state, while defending the "French identity" against the diluting or dissolving influence of globalisation. As those promises were incompatible, he did not keep them; and as the last straw, amused himself by setting off a few atomic bombs at Mururoa atoll in a costly and ridiculous operation.

It was soon evident to the whole world and to the French themselves that the right was opposed to liberalism; and that when accused of being "ultra-liberal" or "Thatcherite" it was prone to panic and fell to gesturing confusedly, denying in its deeds what in the speeches of its leaders it claimed to be doing.

First Balladur then Juppé talked of the need to privatise the public sector, but the mere mention of privatisation sparked a reaction from the trade unions. They backed down immediately every time, and came near to apologising for their rashness. So it is one or the other; either they never really believed in the need for these reforms, or their irresolution

and tactical opportunism outweighed their convictions. I am inclined to believe there was a little of both. Largely on account of Gaullist nationalism and its cult of the big state, liberalism was always something of an exotic flower on the French right.

The oddest thing is to read how, according to observers in the politically correct press worldwide, Chirac and his party have been dethroned on account of their "ultra-liberal policies". Which ones? Has not France, now, a prebendary system even more obese than it did under Mitterrand? Have "social services" increased or diminished since that time? How many significant public companies have been transferred to the private sector in the past four years? The regulationism and interventionism that strangle French economic and institutional life – have these jungle vines been dealt even one chop of the liberal machete? Are taxes lower or higher? Has one twig of the bureaucracy been pruned?

If these are ultra-liberal policies, then what word should we use for those that broke and reversed the decline of the British economy in the 1980s, opening it to world and returning to private business the responsibility for creating wealth, which had been expropriated by the bureaucrat and the politico?

How many new proprietors have Messrs Balladur and Juppé created? In Britain, thanks to privatisation, several million were created in under 15 years, allowing a massive spread of shareholding among consumers and giving reality and meaning to the notion of "popular capitalism". Fortunately, there now exists – as in Chile and New Zealand, where similar liberal revolutions have taken place – a consensus shared by Conservative and Labour. Has anything remotely similar been done in France?

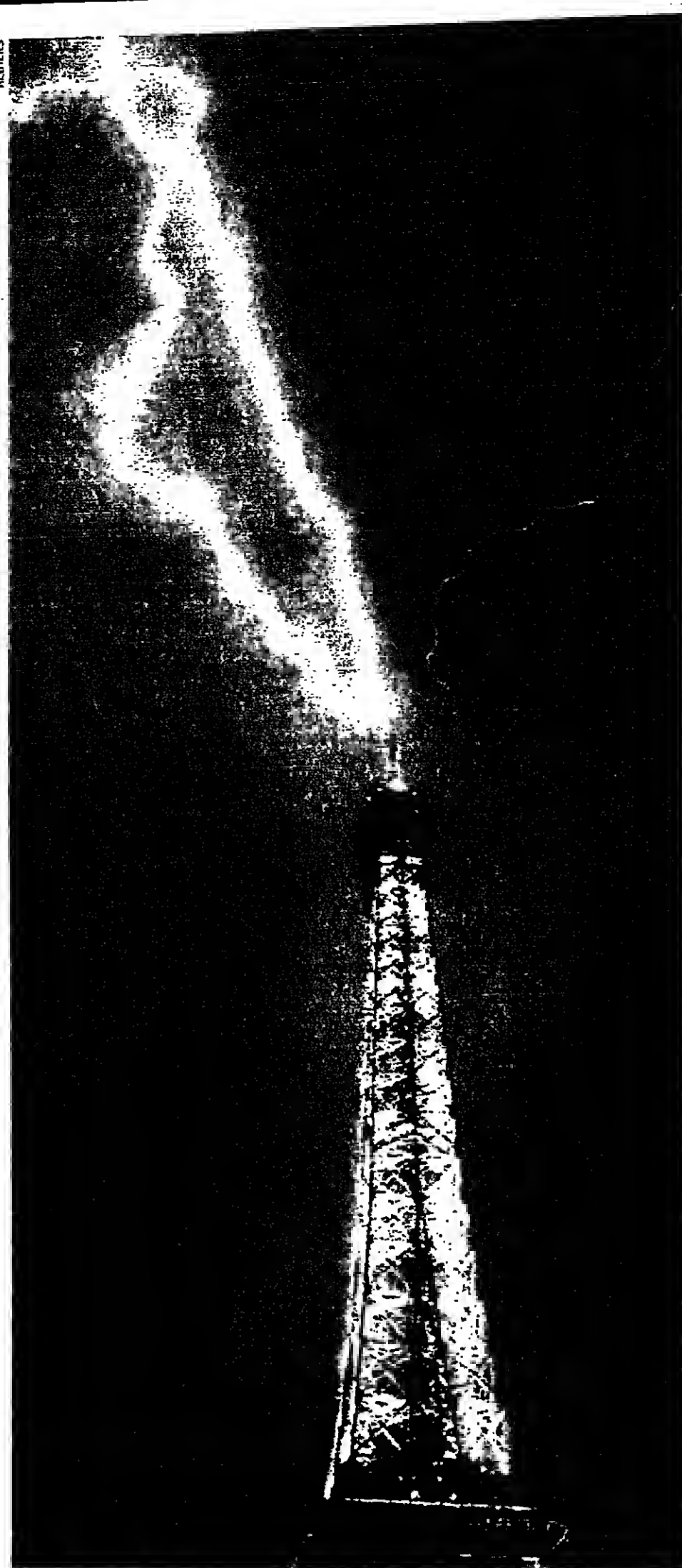
In Britain, any real liberal would have voted for Blair so as to curb the nationalism which, like a poisonous tumour, had proliferated in the councils of the Tory party, jeopardising the achievements of its governments. Blair's merit consisted in the renewal of the Labour Party, putting it abreast of the UK's impressive transformation and, even more – a real dialectical leap – turning it into the best guarantor of those changes that have so wonderfully rejuvenated and energised a country which, only 20 years back, seemed as somnolent and backward as France today.

Unlike French socialism, which still believes in the entrepreneurial role of the state, distrusts private business and defends public social security and a captive labour market. New Labour has opted resolutely for market policies and private enterprise, renouncing nationalisation and admitting that the best way to speed job creation is with a flexible labour market.

French socialism – still seasoned with cultural and economic nationalism – views interdependence and globalisation with sullen resentment and distrust. "Dehumanised" was the word used by Jospin in one of his campaign speeches. New Labour, on the other hand, welcomes the phenomenon as an opportunity for poor countries to emerge from poverty, and for the prosperous ones to reach new levels of development and civilisation.

And thus Labour defends a pro-European policy (moderated by legitimate concerns about the directive and bureaucratic bent with which Brussels has been infected by so many socialist governments).

Under Blair, Labour has gone so far as to admit that in the field of education – the last bastion of socialist and social-democrat ideological statism – it might be healthy, democratic and efficient for there to be competition between the public and private sectors and to give parents greater freedom of choice. If this is still "socialism", then who needs liberal parties? The fact is that Blair's win has been a signal vindication of Thatcher: blunt proof that the courageous reforms she brought to pass are now irreversible – an inheritance which British society as a whole has made its own.



state resources on artificial jobs not only fails to solve unemployment but rather aggravates economic and social problems. He also proposes to "reform" Maastricht so that the criteria of monetary and fiscal orthodoxy may afford more room to "policies of solidarity" – a fair phrase which, in the first week of his government, caused a general slump in European stock markets, and visible signs of investment withdrawal from France. At this rate we shall soon see, as in the two first years of the presidency of Mitterrand, prudent French savers scurrying to Swiss banks and tax paradises further abroad.

With great conviction, Jospin has promised he will put an "end" to privatisation – as if there had been any under way to begin with. Few doubt that, in this at least, he will keep his word. Under his government French "social services" will wax fatter, with a corresponding rise in taxes. The social and economic reverberations of that will lead French voters, exasperated by sinking living standards, the spread of unemployment and consequent social agitation, to denigrate this good soul and replace him by a conservative as cave-dwelling and palaeolithic as the socialist they have just elected.

Such a see-saw cannot go on indefinitely without provoking one of those historical cataclysms so frequent in the *belle histoire* of the country that invented the guillotine (*belle* enough to read about in treatises and novels, but not so *belle* to live through).

The seed of the next cataclysm has already been sown. It is called Le Front National; and, watered and manured by the malaise and insecurity haunting ever wider reaches of a society which, in the ineptitude of its political class, refuses to address the indispensable liberal reform of its institutions and political culture, the weed has grown mightily, sprouting everywhere and becoming a determining factor in national elections. If that process continues, it is not only impoverishment or economic backwardness that looms on the horizon of a country which – oh, paradox! – was the cradle of the most lucid liberal thinkers of the 18th and 19th centuries, and of several worthies in the 20th. It is, purely and simply, the risk of a collapse – overt or covert – of its democratic system.

In a celebrated metaphor, when the fires of the Paris Commune were blazing, Marx hailed the idealism of the French, remarking they were bent on "taking Heaven by storm". Everything seems to indicate that on the threshold of the third millennium, these stubborn dreamers are still loath to turn their gaze from Heaven and ill-educated by their mediocre and short-termist politicians, they still refuse to look at the concrete, real world we live in. The longer they delay in doing so, the harder their awakening will be.

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What's on the BBC: an everyday guide

The listings in the *Radio Times* start on a Saturday, but if you wait till Saturday to buy it you are in for a nasty shock, because it has always sold out by then, or it always has when I go out to get mine.

I suspect I am not alone in this, so I would like to share with you the emergency scheme I have prepared as a fallback. Some time ago I asked the mighty *Independent* computer to come up with one radio and TV set of listings which would cover every conceivable day, and it did just that. Here is your all-purpose, a-day-in-the-life-of-the-BBC chart to cut out and keep.

BBC Television
See daily paper

RADIO ONE
As yesterday

RADIO TWO
6.00am. Woman playing records

7.30am. Irishman playing records

9.30am. Scotsman playing records
11.30am. Englishman playing records and asking medical man why people get ill.
1.30 to 7.00pm. Other people playing other records.
7.00pm. People playing records that other people don't want to listen to, eg jazz, cinema organ, accordion, brass band, cajun, etc.
10.00pm. Classic comedy show repeat.
11.00pm. Man playing records and reading tomorrow's newspapers.

RADIO THREE

6.00am. Waking Up with Susan Mayfly
6.03am. Bonsai Overture, Der Gaulther, Birmingham Symphony Orchestra, conductor Karl-Heinz Ravioli
7.00am. Getting Out Of Bed with Piers Brighton
7.03am. Cadillac Suite: The Five-Cornered Bedroom, Radio Palermo Symphony Orchestra, conductor Carlo-Maria Bratwurst
8.00am. Having Breakfast



Miles Kington

with Michael Dibley
8.03am. Briscoe Five: songs in the style of Strudel, the Fastry Singers, conductor Madeline Pretzel
9.00am. Going Off To Work with Humphrey Dillon
9.03am. Kalashnikov Six Marches Militaires, Band of Irish Republican Army, conductor Major Sean Semley
10.00am. Coming Back For Your Breakfast Which You Left Behind, with Estrlin Whelan

10.03am. Villa-Borghese Seven Manganestian Folk Dances, Grupo Folklorico de Radio Buenos Aires, conductor Diego Marijuana
12.00. Composer Of The Week, Ravanelli: the early years.
1.00pm. Quick Sandwich At The Office, with Jeremy Jeremy
1.03pm. Par Tundra Suite: The Main Road to Stockholm via Malmo, Band of the Swedish RAC, conductor Arne Layby
2.00. Songs
3.00. Requests
4.00. Church Singing
5.00. Music Machine Tommy Pearson explains the history of music
5.15. Coming Back Home Again In The Rush Hour with Chris del Monico
7.00. A Long Concert
8.15. A Short Interval Talk
10.45. More Talk
11.30. Composer of Last Week
12.30am. Jazz For Fast Asleep People
1.00am. Brushing Your Teeth and Getting Into Bed with Ronald Macdonald. Concert

Music For Fast Asleep People

RADIO FOUR

6.00am. Farming Talk
7.00am. Political Talk
9.00am. Chat Talk
10.00am. God Talk
10.30am. Woman Talk
12.30pm. Quiz Talk
1.40pm. Ambridge Talk
4.05pm. Arts Talk
5.00pm. Talk talk talk ...
6.00pm. News Talk
6.30pm. Talk (Repeat)
7.20pm. Back of Beyond: A new series in which Arthur Smith takes various celebrities to places they have always dreaded going to, to find out if it is as bad as they thought. Today: Roy Hattersley goes to Budleigh Salterton.
8.00pm. Evening Talk
11.00pm. New comedy series with long title they thought was funny at the time.
11.30. Parliament Talk
12.00. Night Talk.

BBC Local Radio
News, traffic, old records, and people from London plugging books.

Hague's first task: bringing the left back on board

Seven years after her fall, the Tory party still could not manage to step out of Margaret Thatcher's long shadow. Nobody yet knows how many MPs were influenced by her belated, and famously reluctant, 11th-hour backing for the new leader. But either way, the party has done her bidding: it defeated, much more decisively than most MPs, let alone the pundits, expected, a proven world class politician on a unity ticket. It elected instead an untried 36-year-old who comes into office, as only the fourth Tory leader in over 30 years, with youth, intelligence, energy and lots of problems.

Whatever the result, Labour would probably have said it was the one it preferred. But it is almost certain that the party was more frightened, if that is a word appropriate to a government which so dominates the political landscape, of Ken Clarke than it is of William Hague. Hague now has five difficult years to prove it wrong. And no one should take away from him the fact that a party more ridden by factions than at any time since Robert Peel delivered him, in the end, a handsome victory.

The first of those problems is that from being a wet and disorganised bunch of polite moans since the mid-Eighties, the pro-European left wing of the Tory party has been moulded by this extraordinary contest into a cohesive and determined force which did not vote for him and has a strong leader of its own. Hague's offer of "a senior shadow Cabinet post" was last night gracefully but swiftly declined and predictably so, given Hague's insistence on a loyalty test requiring all shadow ministers to adhere to his own decision to rule out a single currency for a decade. It was unimaginable that Clarke, for the sake of a mere shadow cabinet post, would abandon the principle for which he was prepared to risk his job of Chancellor of the Exchequer. Hague's first task will be to try and lure some of those left-wingers like Stephen Dorrell, former Secretary of State for Health, and self-confessed sceptic on the single currency, into his collective leadership. It will be necessary but very difficult to eliminate the chronic threat of a split with the left.

For the daunting and overdue task of overhauling the rickety and obsolescent party machine, Hague may prove to be the right man in the right place. There is a lot to do. Local parties, having already broadly shown that they are wiser than many of their MPs, now need to be given, as swiftly as possible, a say in future leadership contests. That will help to stabilise the existing leadership. Local parties favour the incumbent. But it is also, as Labour has shown, a vital step towards rebuilding the party's moribund and dwindling membership. Quite rightly people are no longer prepared to join a political party, much less knock on doors, stuff envelopes, and arrange coffee mornings unless they have some power as well.

There needs to be an electoral college in which power is shared between party members and MPs - Lord Archer has even suggested 50 per cent apiece. Hague should stand again for the leadership, as soon as the new system is in place, to demonstrate his popular



Donald MacIntyre

It is almost inconceivable that Clarke, for the sake of a shadow cabinet post, would have abandoned the principle for which he was ready to risk his job of Chancellor

back the uncommitted centre ground of British politics. That will be difficult. Hague owes his victory in large part to a group who still, despite all the evidence to the contrary, believe that the European threat to British sovereignty is the one issue that galvanises the British electorate.

Hague is lucky that he will be able to promote to senior positions politicians like Francis Maude and John Maples, relatively untarnished by the past few years. This was not a good result for John Redwood after his pact with Clarke: but it could still be prudent for the sake of right-wing unity to give him a job. Peter Lilley may become shadow chancellor but Hague should be careful about promoting too many of the old, familiar, discredited faces. Youth and freshness are his biggest asset.

He has proved that the factional organising skills which served him so well as an under-graduate politician at Oxford have not deserted him. Labour would be most unwise to write him off or yield too quickly to the temptation to patronise him. He won against quite difficult odds. But factional organisation is not what the Tory party now needs. To eliminate triumphalism among his own supporters, let alone the bitterness within factions as well as between them, will require almost superhuman qualities. For British Conservatism now stands at a watershed. Hague could start the long march back to power by beginning to interest sections of the electorate, like women and the young, who so deserted his party on 1 May. Or he could yet find himself presiding over the disintegration of what was once the developed world's most successful political party.

support within the party to the numerous MPs who will not have accepted it. Hague at least has the advantage that though well behind Clarke in popularity among party activists, he came well out in front of all his rivals.

But there needs to be a *quid pro quo* for widening the franchise, also pioneered by Labour. The autonomy of local associations has been out of control. There has to be a filtering process that ensures, initially at the very least in by-elections, that Central Office can impose its own short list to ensure a higher quality of candidate. That means imposing a much more rigorous process for weeding out some of the dodgier names on the current list of approved candidates. The most vital requirement however is for candidates in such seats to make their minds up by mid-term: the Tories need to revolutionise their approach to general election campaigns by ruthless targeting of winnable seats as both the Labour Party and, with almost as stunning results, the Liberal Democrats have done. He should appoint without delay his ally Archie Norman, one of the few Tory MPs to have run a spectacularly successful business, to reorganise the party.

But more than just the party machine needs an overhaul. First the policy review which he orders, probably under a new senior shadow cabinet member such as David Willetts, will have to recognise at least as clearly as Brown and Blair did after Labour's 1992 defeat what needs to be done to win

Gay vs God: the battle for the soul of Disney

by David Usborne in New York

It is the special burden of the Walt Disney Company that, decades after Bambi took its first faltering steps in animation, it remains the very symbol of American wholesomeness. But the Mouse-that-Walt-Built is also a modern communications giant; in fact one of the world's largest. It is inevitable, of course, that on occasion its benign fairy-dust heritage and its corporate aspirations are going to collide.

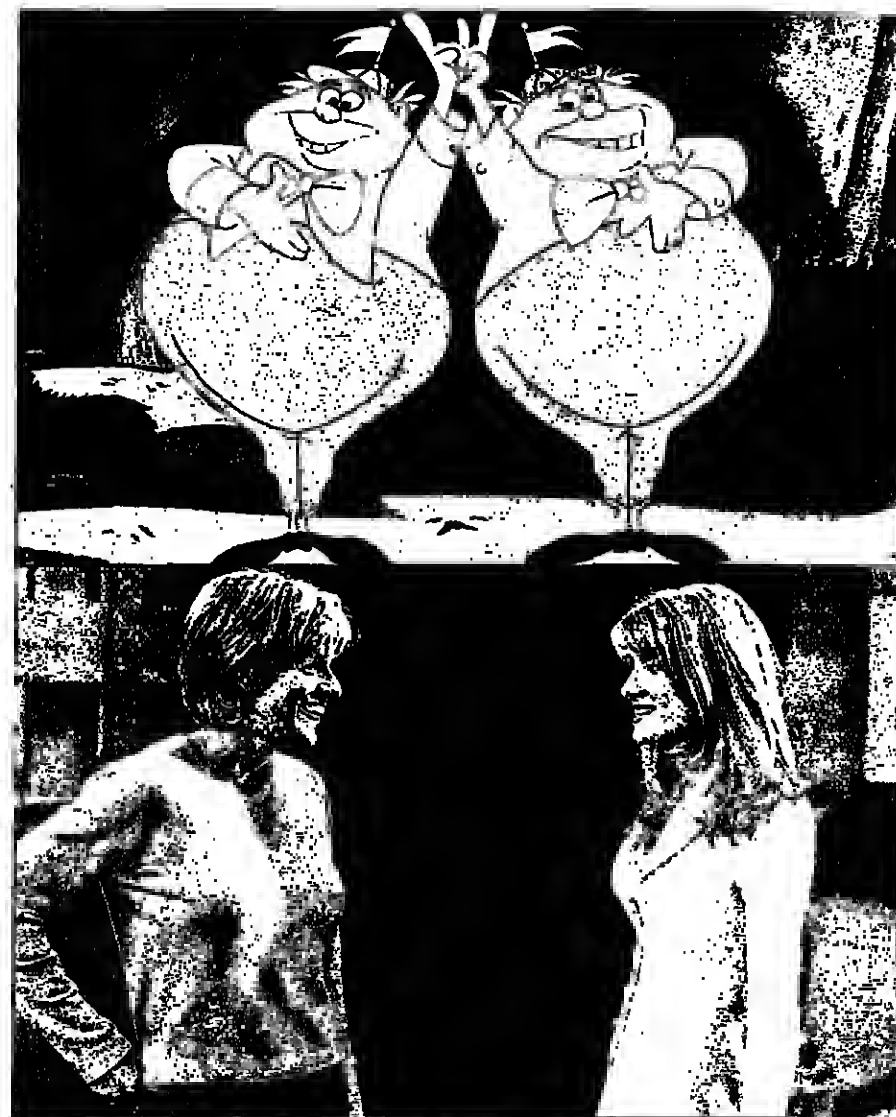
Thus there came this week the vote by delegates at the annual convention of the Southern Baptist Church in Dallas - representing the more than 15 million members of the largest Protestant denomination in the US - calling for a blanket boycott of everything Disney. The church's core complaint: that Disney has increasingly followed a policy of condoning and even promoting the homosexual lifestyle.

Never mind that the Disney Company is far from alone in Hollywood in showing sympathy for gays, whether they are employees or patrons. If anything, it has been a laggard on the issue. Even last week, it was rapped by gay organisations over its latest action-adventure blockbuster, *Con Air*, which features a flagrantly stereotypical gay hairdresser who minces about in the mayhem in a high-heeled dress.

For the leaders of the Baptist Church, as well as those of several other radical Christian groups and smaller denominations, Disney will always have a higher calling as the guardian of the nation's family values. For them, tuning the antennae for any departure by the company from that perceived responsibility has in recent years become a full-time activity.

Sometimes, it has looked like a crusade descending into hysteria. The American Family Association, which took the fore in persuading the Baptists to adopt the boycott on Wednesday, alleged four years ago, for instance, that the feature cartoon, *The Little Mermaid*, actually carried phallic symbols in its drawings. The same group has quipped Disney's Chairman, Michael Eisner, as suggesting that no fewer than 40 per cent of his workforce are homosexuals. Determining such a figure is, of course, almost impossible.

Even so, identifying more concrete examples of gay-tolerant policies at Disney is not difficult. The company does, for example, extend health benefits to the live-in partners of its homosexual employees. Earlier this month, moreover, saw the latest "Gay Days" event at its Florida Disneyworld. Organised not by Disney itself but by a New Jersey-based gay advocacy group, it attracted some 60,000 homosexuals who descended on



Disneyland: (top) the inseparable Tweedledee and Tweedledum, from 'Alice in Wonderland'; (above) Laura Dern joins Ellen DeGeneres for the 20 million-rating episode of 'Ellen' in which her character finally came out Photographs: MSI/Reuters

For the Baptist leaders, Disney is the guardian of the nation's family values

the theme park for a weekend of fun and gay pride.

Then there is the content of its product. The anti-Disney movement first began to ignite with the release by its Miramax subsidiary two years ago of the British-made *Priest*, which depicted a Catholic priest in Liverpool struggling with his own homosexuality. It was swiftly followed by *Kids*, which, though it had no gay theme, followed the sex- and drug-soaked lives of a group of young teens in Manhattan.

For the Baptists, however, the final straw was the airing in April of the now-famous episode of the ABC comedy sitcom *Ellen*, in which the central character revealed herself as a lesbian. The broadcast coincided with the highly-publicised coming out of the show's star herself, Ellen DeGeneres.

"Disney continues to spiral downward in the eyes of many Americans because of the company's support for the homosexual agenda," argued Tim Wildmon of the American Family Association. "Much of what they do goes against the family. Certainly homosexuals are Americans, too, but we shouldn't hold up as natural and good something that's not."

Arguably, this is trouble that Disney has been asking for. The company trades on its apple-pie credentials: at present, it is basking in praise for lifting New York's Times Square from decades of gutter-sleaze by the huge investments it has made in a superstore on the square and its refurbishment of the Amsterdam Theatre next door. With the staging a week ago of an electric parade through Manhattan to promote its

newest animation feature, *Hercules*, the company ironically took brickbats from some New Yorkers for turning the city into a sanitised, middle-America theme park.

At the same time, the exploitation for easy bucks of the offending episode of *Ellen* by ABC, which was bought by Disney 18 months ago, was a grant. Every corporate step was pulled out to foist the coming out of Ms DeGeneres on to the American public. The inevitable result was a huge spike in ratings for the sitcom. It also attracted the goodwill of the not insignif-

icant and mostly prosperous gay community nationwide.

How much of a gamble is Disney taking? On the face of it, the Baptists' boycott sounds highly potent. The resolution urges "every Southern Baptist to take the stewardship of their time, money and resources so seriously that they refrain from patronizing The Disney Co and any of its related entities". The resolution is not a binding one and thus relies on all 15 million church members - which, by the way, includes President Clinton himself - hearing the message and acting on their consciences. Backers of the boycott believe that it will give church members a cause through which they will be able to express their concern not only about morality in general, "If Disney is under the misapprehension that this is only going to be a fly in their ointment, they are making a big mistake," said Ted Bach, who is chairman of the Christian Film and Television Commission.

So far, however, Disney is looking about as worried as Mickey Mouse on a spring picnic with Minnie. On Wednesday, its stock value slipped by barely a notch, in line with the rest of the market. And apparently the company has been dismissive of the Baptists. On his own dealings with the company, Richard Land, president of the church's morals and ethics panel, confessed: "On a good day they ignored us. On bad days they contemptuously gave us the back of their hand."

If this seems like overconfidence, survey for a moment the sheer breadth of the Disney empire. Aside from the cartoon features like *Hercules*, there is the output of its other studios, which include Touchstone and Miramax. Also in its portfolio are the theme parks, the 530 different Disney Stores, its cable TV assets (which includes the ESPN sports channel), its various sports franchises, a variety of publications, and of course there is ABC.

In Middle America, God may still be ubiquitous, but so is the Mouse. Can any family, however Christian its outlook, manage not to succumb to its children's pleas to visit Disneyland, to take home the Disney-character toys from McDonald's or to watch the cartoon hour on Saturday mornings on ABC? Is Mr Clinton going to stop watching Peter Jennings on the 6.30 news or catching Tiger Woods on ESPN? I would wager not, and the Disney management, clearly, is making the same bet.

Who are the radicals now?

A few years ago, I bumped into Dave Morris, one of the McLibel Two, who I knew from a long time ago. Ever the committed anarchist, he asked me if I was going on the Eat the Rich march. "No," I said rather sheepishly, "I'm going to Safeways." That could have been worse. I could have been taking the kids to McDonald's. Yet I am glad that there are people like Dave in the world, individuals who just won't take it anymore. For he and his co-defendant Helen Steel may have lost the case but they won the argument. The campaign will go on. McDonald's exploits its workers, children and animals. That's official.

If this is, as Michael Mansfield has said, "a major victory", then we also have to declare that the road protesters have also won even when roads are built, trees cut down and runways built. Radical politics is winning at a symbolic level. But just who is radical these days when mainstream politicians talk of the "radical centre", when the country requires "radical modernisation", when it is considered possible to proclaim oneself a radical and yet be at the heart of the establishment?

We are confused about this government because the lines between left and right have gone all blurry. Or Blair, is Frank Field a maverick, a radical, a right-winger or a visionary? Is the new administration steering a path through the ideological minefield that can really be described, as it was by John Lloyd in the *New Statesman*, as "the third way"? When we grudgingly admit that it may have done some good things, are we merely being duped because something is better than nothing?

The McLibel trial illustrated what capitalism is actually like, its ruthlessness, its efficiency, its ability to transform itself. Words like capitalism and globalisation conjure images of giant machines



Suzanne Moore

The McLibel Two may have lost the case, but they have won the argument. Even a symbolic victory can make a difference

that can never be stopped, that go on working whoever is in charge, that endlessly regenerate themselves. The McLibel Two reminded me of something else altogether - the power of human agency, the ability of little people to jam up the work, to sabotage the bosses, to just say no. This is an immensely brave thing to do. Most of us don't possess the purity for this kind of radicalism. We have become too realistic.

Many of us have given up on traditional forms of politics, many of us did not vote at all and cannot share the euphoria that greets the new masters. However, to give up on politics often means little more than a refusal to trust anybody at all. It means ultimately that we cannot trust ourselves. To insist that nothing can ever really change until the day of glorious revolution is in itself an innately conservative view; it cannot see how the world has changed therefore it cannot change the world.

The reaction, then, both personally and politically, appears to be the current pick 'n' mix approach that we are now seeing. The Blairites are accused of being jackdaws, magpies stealing policies from other parties to feather their own nests. Tony Blair may claim to be taking the ideology out of politics; others would claim he is taking the politics out of politics so that he simply manages the status quo more efficiently.

In many ways, however, this new government is mirroring the views of the population, which tends to be socially liberal but fiscally conservative. On issues from abortion to gay rights to the decriminalisation of cannabis, there is a growing consensus towards the extension of personal freedom. At the same time, we see the growth of personal pension plans, private health insurance and security measures to make us feel

safe in what appears to be an increasingly dangerous world. Such individualism means that poverty tends to be seen as a fact of life rather than as the outcome of social and economic policy.

We could, then, define the new radicals as those who insist on collective solutions to collective problems, such as the environmental activists, who are often mistaken for libertarians. Yet such a position is riven with contradiction. A pure libertarian position for instance would allow fox-hunting, would allow surrogate mothers to do what the hell they like, would allow veal calves to be exported and drugs to be taken. Libertarians would not be asking the state to intervene, to enforce more controls, to monitor our cows for BSE, our water for oestrogens, to stop the traffic so that we can move around more easily.

Those who feared the authoritarianism of Jack Straw have so far been disappointed. Children out after nine o'clock are not to be clamped, single mothers not electronically tagged. There is, as yet, no national bedtime enforced by young offenders on community service. What is clever about what has been done so far is that it is radical only in as far as it costs nothing. Apologising for the Irish famine or talking about the rights of gays in the military is free and reassures the liberals.

The real questions over compulsion - are people to be made to take jobs that they don't want and that don't actually exist, in order to reduce public spending - have yet to be answered. There is also a possibility that a form of cultural radicalism that nods towards women's equality, gay rights, a multi-cultural society can in fact mask a restructuring and stripping down of the economy that in many ways can be characterised as right-wing.

Before our very eyes we see that while

Blair is embracing devolution, he is centralising power; that while there is talk of a minimal state, of less government, the inevitable changes in the public sector - in health, education and social security - will mean more interference in people's lives, more surveillance, more intrusion, more talk of responsibilities, duties and obligations for those who can least afford them. The price of maintaining a welfare state?

How then are we to define a radical position? Is it radical to live up a tree and yet demand that a government you never voted for stop a runway being built? Is it radical to live in 11 Downing St instead of 10 and understand that there are many things that are beyond your control, which you can do nothing about? Is it radical to run an open government when the campaign required to win power meant a total shut-down? Or is it radical to leaflet outside a hamburger franchise and then spend precious years of your life defending such an action?

I am delighted that there is apparently "a third way" that is neither left nor right but I would argue that there is probably a fourth way too: a radicalism that questions all authority, never trusts a government, not even one which promises to be radical once it is in power, that exists to find a way between what is possible and what we are told is impossible, that lives the politics of dissent.

Though I would never want to live in a country governed by Dave Morris, indeed my previous experience of his household indicates that I would probably be banished from it, I have nothing but admiration for his and Helen Steel's campaign. They believed they could make a difference. I believe they have. That's radical enough if you ask me.

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Former BR managers to share in £40m sale bonanza

Chris Godsmark
Business Correspondent

Another round of windfall profits for former British Rail managers emerged yesterday when Jarvis, the Essex construction group, moved to take control of a privatised track-renewals company for £50m, netting more than £40m for directors and venture capital backers.

Jarvis is paying £50m for Fastline, formed from a man-

agement buyout from British Rail of Eastern Track Renewals, responsible for replacing tracks on the East coast main line from London to Edinburgh. If the deal goes through 10 managers will share in cash and paper profits of £11.5m.

Fastline's directors and staff, along with venture capitalists Apex Partners, paid £11m for the company in March 1996. They paid a further £4.6m for York-based Northern Track Renewals two months later.

Before the sale to Jarvis they paid off debt, boosting the value of their windfalls.

The biggest beneficiary is David Doggett, 47, Fastline's chairman and managing director, who will see his £50,000 investment turn into £2.6m, in the form of cash and Jarvis shares, in the space of just 15 months. Described as a "BR man to his boots", Mr Doggett had been with the state-run rail industry for 25 years.

Two other senior managers,

David Douglas, the track-renewals director and Phil Lee, engineering director, will net about £1.8m each from initial investments of £35,000. The highest beneficiary is Apex, which will see its 58 per cent investment in Fastline for £500,000 turn into £30m.

All of Fastline's 1,200 employees will also share in a £4.2m cash bonus, worth £3,500 each for "excellent performance". A further 170 staff who together paid £250,000 for

shares in the company will share out £3.75m. Jarvis will fund the acquisitions with a £62m share issue.

The deal mirrors the recent controversial sale of rolling stock companies, which made gains of £386m for Everholt shareholders this year and £300m for Porterbrook investors last year, including a £36m profit for managing director Sandy Anderson.

Jarvis said the profits were the result of Fastline's success in

winning contracts from Railtrack. A spokesman contrasted the windfalls with the £5m Jarvis is also paying for the 50 per cent of another track-renewal company, Relayfast, which it does not already own. In this deal, also announced yesterday, Relayfast's shareholders will emerge with no profits at all. Jarvis paid £4.9 for the other half of Relayfast in May.

Paris Moayed, Jarvis chairman, defended the Fastline profits. "The two companies

were set up in exactly the same way. One made a success of it and the other didn't. In the one that was successful the management and employees walked away with lots of money. Good luck to them."

The deal strengthened Jarvis's position in bidding for £1bn of Railtrack track contracts over the next four years. Mr Moayed said Jarvis had been shortlisted for all 5 of the contracts on offer and would be disappointed not to win some-

thing. The Office of Fair Trading yesterday invited comments on the deals on merger grounds, but Mr Moayed said there was "little likelihood" of them attracting opposition.

Jarvis shareholders have already enjoyed huge gains on the ready-made company's £9m purchase of another British Rail business, Northern Infrastructure Maintenance last year. Jarvis shares rose 1.5p yesterday to 308.5p. A year ago they were just 76p.

Revised figures pave way for tough Budget

Tom Stevenson
Financial Editor

The Chancellor prepared the financial markets for higher taxes and a clampdown on public spending in July's mini-Budget yesterday by changing the assumptions the Treasury uses to make its economic forecasts. On the new basis, the public finances look in worse shape than Ken Clarke, the former Chancellor, predicted in last November's Budget.

Gordon Brown is certain to use the new figures, which were yesterday given a seal of approval by the independent National Audit Office, to paint the previous Conservative government's assumptions as over-optimistic. They are expected to give him ammunition for turning down excessive demands from spending departments and a justification for raising taxes.

Presenting the changed figures and the NAO endorsement as a victory for open government, Mr Brown said: "Budgets must be built on honest foundations. This is the only way to restore public trust in the public finances. This is the first time that any chancellor has opened up the Treasury's forecasting assumptions to such open and independent scrutiny. It means the Budget arithmetic will be based on open and accountable conventions."

In a bid to create more openness at the Treasury, Gordon Brown asked the National Audit Office to scrutinise the changed assumptions and say if it considered them reasonable. Sir John Bourn, head of the NAO, said yesterday: "While the

assumptions adopted by the Chancellor are not the only ones which could be reconciled with the evidence, in my opinion they have been arrived at systematically on the basis of the available data and by methods which interpret it in a reasonable way."

The key changes in the assumptions were a revision downwards of the Treasury's long-term growth forecast from 2.5 per cent to 2.25 per cent and a reduction in the estimated proceeds from Kenneth Clarke's "spend to save" anti-fraud programme.

The Budget arithmetic will be based on open and accountable conventions

That initiative predicted savings of £6.7bn could be generated by spending an extra £300m on measures to eliminate errors and fraud from social security claims. By restricting the predicted gains to cash raised immediately from the discovery of an error or fraud, rather than including a figure for indirect effects such as deterrence, the saving is reined back to £4.9bn.

Other changes included a decision not to include future privatisation proceeds in economic forecasts, a measure expected to increase the PSBR by £4.5bn over the next five years,

and the use of a flat unemployment assumption, rather than the guess about future trends in the jobless rate that Mr Clarke introduced for the first time last year. That would increase public borrowing by £4.25bn over the five-year forecasting period.

The final change will see the Government using market average forecasts for future interest rates rather than an estimate by the Treasury, which might lay the Government open to charges of political interference.

The changed forecasts are retrospective and will be revised again on 2 July to incorporate the changes announced in the mini-Budget.

The change in the long-term GDP growth trend raised eyebrows in the City yesterday, where economists said recent evidence suggested a higher growth rate was sustainable without a threat to inflation.

Economists questioned the relevance of the change, which only takes effect from 1999 onwards. For the next two years, the Treasury uses its actual forecasts for the short-term growth in GDP rather than an estimate of long-term trend growth.

One economist said: "This is largely an exercise in public relations, designed for the consumption of people other than in the City. Everyone knows the plans for three and four years ahead are simply fantasy. They focus on years one and two and those assumptions have hardly changed."

The new basis of calculation puts the PSBR £0.5bn higher in the current fiscal year and £3.25bn higher next year.

Comment, page 23

Effects on the PSBR of changing the government's assumptions



	1997-98	1998-99	1999-2000	2000-01	2001-02
Privatisation proceeds	0	1.5	1	1	1
Spend to save	0.25	0.75	0.75	1	1
2.25 per cent GDP growth	-	-	0.75	1.75	2.75
Flat unemployment	0.5	0.75	1	1	1
Additional debt interest	0	0.25	0.5	0.75	1.25
TOTAL	0.5	3.25	4	5.5	7

Export orders pick up in June

Michael Harrison

The Confederation of British Industry yesterday undermined its own argument for lower interest rates by announcing that export orders have recovered slightly this month.

The employers' organisation has argued that higher base rates will further strengthen the pound, thereby making British manufactured goods less competitive in export markets.

But the CBI's latest monthly trends survey shows exports picked up in June with a smaller balance of firms reporting a decline in exports than in previous months. Interest rates have gone up twice since Labour came to power.

According to the survey, the balance of companies reporting export order books below normal was 20 per cent in June compared with 24 per cent in May and 23 per cent in April. During the period the survey was conducted, 22 May to 11 June, sterling averaged \$1.635 and DM2.796.

The CBI's director of economic analysis, Sudhir Jnanakar, said: "Despite the small revival in export orders this month, sterling's strength continues to have a dampening effect on export demand and manufacturers' output growth expectations have weakened for the third successive survey."

The figures will deal a blow to the CBI's campaign for higher taxes, rather than higher interest rates, to keep the lid on inflation. The organisation has called for a £2bn increase in personal taxes in next month's budget to curb inflation.

The balance of firms reporting total order books below normal has fallen from 8 per cent in May to 3 per cent this month. The survey also shows that price expectations are the lowest for nearly a year.

MDIS plans refinancing

Sameena Ahmad

McDonnell Information Systems, one of the UK's worst-performing flotations of recent years, looks set to launch a rescue rights issue in the next few weeks after the group warned software costs would lead to "very substantial losses" for 1996 and said it was seeking a refinancing "as a matter of urgency".

Shares in the group plunged 18 per cent to 28p. The group, which has had a string of profit warnings and management outings in the past year, was floated at 26p in March 1994.

John Klein, chief executive, said it would take 12 to 18 months to turn around. "I clearly understand the responsibility rests with me, but the past is behind us," he said.

The group will make a provision to cover creditors, redundancy costs and old contracts drawn up in the early 1990s in its next set of figures.

MDIS expects "a sustained improvement in operating performance" this year. A source close to MDIS said former management had taken on contracts which they were not qualified to service, but which they booked as profit.

"As they struggled to service them, costs started soaring. MDIS has minimal cash outflow because of it," the source said.

Mr Klein said the contract announced yesterday with IT giant Fujitsu, which is buying a 36 per cent interest in MDIS's software Chess for £25m, showed the fundamentals of the group were sound. "It is a major transaction," he said.

US states edge near tobacco deal

Negotiators for American states and the tobacco industry were locked in talks yesterday to try and resolve contentious issues and reach a landmark tobacco settlement of lawsuits by the end of the week.

"We're very optimistic. We hope to present an agreement in principle to the White House," said Scott Harshbarger, the Massachusetts Attorney-General.

Talks between tobacco industry representatives and the state attorneys general have been going on since early April. The negotiations are aimed at a broad settlement of the huge legal claims against the industry in return for some form of increased regulation and curbs on advertising and marketing of tobacco products.

Forty states have sued the industry to recoup the costs of treating sick smokers. The states are demanding that the industry agree to be punished

for past actions that it pay compensatory and punitive damages for smoking-related injuries and that it agree to allow the Food and Drug Administration to regulate cigarettes as a drug.

Sources close to both the state attorneys general and the tobacco industry said they doubted a deal would be reached until late last night at the soonest, and some said they thought it might be today.

Asked how talks were progressing, Richard Scruggs, a Mississippi lawyer assisting several of the states, replied: "The horse is still breathing."

The main negotiator representing the anti-smoking, American health organisations, Matthew Myers, was absent Thursday to attend a funeral.

The Connecticut Attorney-General Richard Blumenthal said two areas of disagreement remained.

"One, details as to the terms

of any final settlement protecting public health," Blumenthal said. "And the larger issues relating to ensuring that people's rights are protected to sue the industry for the harm that's done," he added.

The main tobacco companies, Philip Morris, RJR Nabors, and Brown & Williamson declined to comment on the negotiations.

The White House has taken a keen interest in the talks but has been careful not to appear to be running them.

Negotiators have considered turning over an incomplete proposal to the White House and asking it to resolve the contentious issue of whether the industry would pay so-called punitive damages, according to sources close to the talks. Punitive damages are awarded to punish and deter wrongful behaviour.

In an interview with the Wall Street Journal, President Bill

Clinton urged tobacco companies and anti-smoking forces to stay at the negotiating table until they reached an agreement. However, he did not preclude personally intervening if he is convinced the two sides have exhausted all hope of reaching a deal.

"I don't want to rule in or out what I might say, but I want these parties to come to me and say, 'This is where we are. We've done all we can do, here's where we are,'" Mr Clinton said in an interview on Wednesday. "And I want them to do the very best they can first."

President Clinton left Washington yesterday for a summit of world leaders in Denver without his top adviser on the tobacco negotiations, Bruce Lindsey, who stayed behind to monitor the talks. White House spokesman Mike McCurry said Lindsey would delay his departure for Denver until tomorrow.

London told Charter Mark under review

Michael Harrison

The Government yesterday threatened to remove the Charter Mark from London Electricity following a surge in complaints against the company and its "high handed and arrogant attitude" towards customers.

Peter Kilfoyle, the Public Service Minister, said he was reviewing whether London should be allowed to continue using the prestigious Charter Mark as a matter of urgency in the wake of a dramatic rise in complaints in the last six months.

Offer, the electricity industry watchdog, has compiled a dossier on London disclosing that staff routinely fail to comply with regulations, ignore voluntary codes of conduct and fail to respond properly to customer complaints.

In one instance, Offer had to threaten the company with criminal proceedings to end its practice of changing supply meters, the accuracy of which was in doubt, before they had been checked by an independent meter examiner.

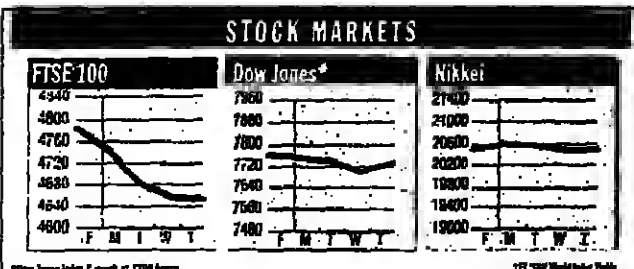
In a letter to the Cabinet Office, Offer's London regional manager said: "The theme running through all this is one of customers being disadvantaged and deprived of their rights."

Last year complaints against London, now owned by the US utility Entergy, rose by 23.5 per cent but specific complaints about quality of supply more than doubled. In its letter, Offer criticised the company over

its policy of compulsorily installing pre-payment meters as a means of recovering debt, although metering is only supposed to be installed where it is "safe and practicable". It also takes London to task for unilaterally changing the terms of direct debit mandates without consultation, describing it as "symptomatic of the high-handed and somewhat arrogant attitude which this company frequently manifests to its customers."

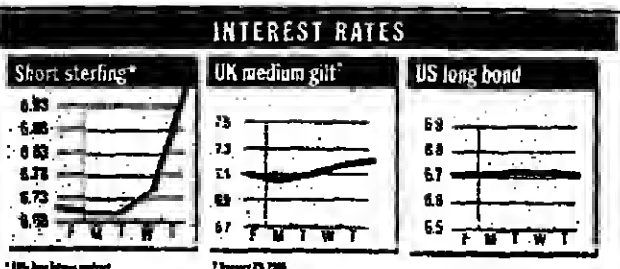
Officials from the Cabinet Office's Charter Unit are meeting the company to decide whether the mark, first awarded in 1995 for excellent service, should be removed.

Under legislation introduced in 1993 electricity customers have an automatic right to compensation where suppliers fail to meet specified standards of service. Suppliers are then supposed to record the payments so that they can identify and concentrate on problem areas.

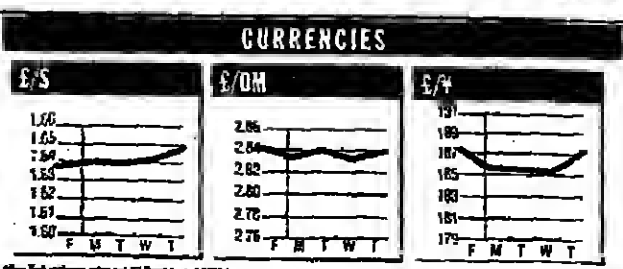


Index	Close	Day's change	Change (%)	1996/97 High	1996/97 Low	Yield (%)
FTSE 100	4653.70	-3.30	-0.1	4783.10	4096.00	3.53
FTSE 250	4492.80	-23.30	-0.5	4729.40	4482.00	3.84
FTSE 350	2253.20	-3.50	-0.2	2312.80	2017.90	3.56
FTSE SmallCap	2265.11	-5.35	-0.2	2374.20	2178.29	3.13
FTSE All-Share	2210.20	-3.58	-0.2	2286.11	1989.78	3.52
New York	7753.09	+34.38	+0.4	7782.04	5032.94	1.64
Tokyo	20507.85	+10.00	+0.0	20681.07	17303.85	0.791
Hong Kong	14506.49	+302.60	+2.1	14990.90	12055.17	3.031
Frankfurt	3749.27	+19.00	+0.5	3765.11	2848.77	1.461

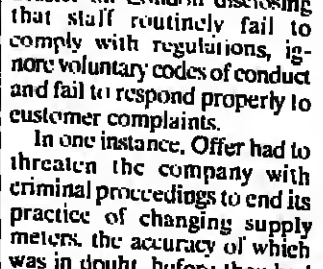
Source: FT Information



Index	1 Month	1 Year	Medium Bond (%)	Long Bond (%)	Yield (%)
UK	8.55	7.12	7.18	8.10	8.24
US	5.59	6.00	6.41	6.88	7.05
Japan	0.47	0.53	2.39	3.26	-
Germany	3.03	6.54	5.79	6.61	6.54



Index	Yesterday	Change	Year Ago
\$ (London)	1.6465	+0.0001	1.5438
\$ (NY)	1.6465	+1.0001	1.5440
DM (London)	2.6398	+0.0001	2.3384
¥ (London)	187.504	+11.906	166.597
£ Index	100.4	+0.4	85.5



Index	Yesterday	Day's change	Year Ago
Oil Brent	17.70	-0.04	18.20
Gold	339.45	-1.4	385.70
Gold C	206.16	-1.71	249.57

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The way to read these figures is not as a crushing indictment of the last Government's management of the economy but rather the reverse

Public finances are not in such a bad state

Only a new government could cynically attempt to make the public finances actually look worse than they probably are; usually in government it is the other way round with the Chancellor desperately trying to cook the books to make them look better. But then this is not a Government looking for excuses to cut taxes; no, the purpose here is to find a good reason for raising them. If that's what the 2 July Budget brings, Gordon Brown will be able to say: "But just look at the mess the Tories left us with. We've got to sort it out somehow or other."

In truth it is impossible to say with any certainty whether the picture painted of the public finances by this latest assessment is any better than the last. Even Sir John Bourn, head of the National Audit Office, insists in approving the new assumptions that they are not the only ones that can be reconciled with the evidence. Though he doesn't actually say it, he implies that the last set of assumptions were equally good.

In any case, the real practical effect of the changes are rather less dramatic than the headline figure of £20bn would indicate. The effect in the present financial year is just £500m in extra public borrowings and even next year it is only £3.25bn. After that the figures begin to escalate quite markedly but, as anyone in the City will tell you, forecasting that far into the future is largely guesswork whatever the assumptions.

The way to read these figures, then, is not as a crushing indictment of the last Gov-

ernment's management of the economy, but rather the reverse. Though the state of the public finances is nothing to boast about, it is arguably no worse than Kenneth Clarke pretended. The new assumptions on growth, unemployment, privatisation proceeds and the spend-to-save programme are probably more conservative than they need to be.

All the same, Mr Brown has been clever in opening up the new approach to independent scrutiny and making it wholly transparent. That way nobody can complain that it is just a political gimmick. And after so many years of overoptimism about the public finances, it is probably no bad thing for the Government to err on the side of caution for a while.

The fiscal verdict goes to the markets, which though well prepared for yesterday's NAO report, would scarcely have been any more moved had they not been. This is quite a turn up for the books, for the traditional response of markets when confronted by a new Labour government complaining bitterly about the economy being in a much worse state than everyone thought is to bring on a fully blown sterling crisis.

Nationwide is safe - for the time being

As blinding flashes on the road to Damascus go, Michael Hardern's sudden about-turn on building society mutuals takes

some beating. This self-styled "freelance butler" has over the years made so much of a nuisance of himself attempting to persuade members to demutualise their societies that he's actually been thrown out of some of them. His latest campaign with the Nationwide has whipped the carpetbaggers up into such a frenzy of anticipation that the company has been forced to close its doors to all new savers, the first time this has happened with a major society. Bizarrely, Mr Hardern has now changed his mind and admits: "I was wrong."

His rambling and sometimes incoherent remarks at a press conference in a central London café yesterday might suggest that his conversion to the cause of mutuals is less than complete. He and his four fellow travellers haven't yet dropped their plans to stand for election to the board at next month's annual general meeting, for instance.

Nor does the promise of £1,000 to every member if they vote him onto the board seem to have gone, though quite where the money is going to come from in the absence of demutualisation is anyone's guess. All the same, Brian Davis, Nationwide's beleaguered chief executive, must take whatever support he can get these days and to have the enemy jump the fence in this extraordinary fashion so late in the day can only be a bonus in his dogged defence of mutuality. It is often said that had the campaign for conversion come from a more credible source than Mr Hardern and his merry band of brigands, it would have swept all before

it. As it is, Nationwide now seems to have seen off the threat, for the time being at least. How much longer it can hope to do so depends on its continuing ability to offer a genuine mutual benefit by way of keener mortgage and savings rates than its now converted competitors. At the moment that benefit is real and tangible, so much so that there may actually be a public policy case for preserving the society's mutuality. For if Nationwide converted too, there is not much doubt that mortgage rates would be higher and saving rates lower, not just at Nationwide, but across the board. But then again, not even Margaret Beckett would find it easy to refer a building society conversion to the Monopolies & Mergers Commission.

Who will sit in Lord Prior's chair?

Wanted: chairman for large defence, electronics and telecoms group, salary circa £300,000, previous experience of George Simpson an advantage. Ex-Cabinet ministers need not apply.

GEC yesterday formally launched the search for a new chairman by announcing that Jim Prior will be stepping down next April after 13 long years in the saddle, first with Arnold Weinstock and, more recently, George Simpson.

Like so many other changes at GEC since Mr Simpson arrived last September, this one

will be more than skin deep. He began by tearing up Lord Weinstock's much-treasured management reporting lines by putting a beefed-up executive team in charge of discrete sectors of the business.

The change of chairman will be no less significant since GEC intends to bring in more than just a new face. Unlike Lord Prior, the successful candidate will come with a background in business, not politics. The obvious political contenders - Hezza or perhaps Ken Clarke - lost most of their currency any way when Labour won the election. And in any case, the new politics and new Labour's ethical approach to defence sales dictate that the chairman of GEC needs to be someone versed as much in running a large international business as stitching up arms sales in smoke-filled Whitehall rooms.

That is not to say the successful candidate won't be someone with a background in defence. Indeed as we report elsewhere on this page, one or two such names have already been put in the frame.

Marconi, the defence electronics business, is a big slice of GEC and may yet find itself part of an even bigger combination along with British Aerospace's military arm. But Mr Simpson, having worked for both companies, could take care of that. There is as important a job to do with the GEC's two big civil joint ventures - GPT in telecoms and GEC-Alsthom. The word is that Lord Weinstock will have no say in Lord Prior's replacement having been shuffled upstairs. We shall see.

Heseltine ruled out to succeed Prior at GEC

Michael Harrison

Michael Heseltine, the former Defence Secretary and Deputy Prime Minister, was yesterday ruled out as a candidate for the chairmanship of GEC when Lord Prior relinquishes the post next April.

This emerged as the defence and electronics giant announced a further restructuring of its board involving the appointment of three new non-executive directors.

GEC has decided that its new chairman will be someone with an extensive background in business rather than politics. It was also made clear that Lord Weinstock, GEC's former managing director and now chairman emeritus, would play no part in choosing Lord Prior's successor.

GEC said that Lord Prior would retire as chairman at the

end of the current financial year after 13 years in the job. He joined GEC in 1984 after holding several Cabinet posts under Mrs Thatcher, including Secretary of State for Northern Ireland.

The company added that a new chairman and a further restructuring of the board would be announced "in due course". Lord Prior said: "We are looking at a number of very good external candidates." Asked whether that included Mr Heseltine, he said: "I think that is very unlikely." Mr Heseltine, he added, had never been on a shortlist in the first place.

Lord Prior said that the shortlist did not include any internal candidates either. He also said that the choice of a new chairman would be made by the board and since Lord Weinstock was no longer on the board that excluded him from the process.

Apart from Mr Heseltine, two other names mentioned in connection with the chairmanship are Sir Colin Chedler, chief executive of Vickers, the tanks to Rolls-Royce motor cars group, and Charles Massfield, a former BAE executive who now runs the Government's Defence Export Sales Organisation.

George Simpson, GEC's managing director, has been steadily restructuring the group since his arrival last September, changing the management reporting structure and drafting in senior colleagues from his former employers, BAE and Lucas.

The City hopes he will announce details of his strategic review of the group alongside its annual results next month. There is much speculation about what he will do with GEC's joint ventures in tele-



Political backgrounds: Lord Prior (left) steps down next April, but Michael Heseltine is 'unlikely' to be on the shortlist



Securicor prison plans to go ahead

Magnus Grimond

Securicor, the mobile telephones to security group, yesterday revealed that Labour was "minded" to continue with the previous Government's plans for privatised prisons.

Roger Wiggs, chief executive said they had pre-qualified under the Conservative administration's private finance initiative for three new prisons in England. "We understand that the Government will go ahead with these and no upset existing contracts", he said.

The company said it understood that Jack Straw, the Home Secretary, was minded to fund these prisons, to be sited in the Manchester area, the Bristol area and one in a location still to be decided, either wholly or partly using private capital on the same basis as a prison Securicor is building a Bridgend in South Wales.

Mr Straw has also indicated to the company that the Government was in favour of the electronic tagging of offenders and had extended Securicor's contract to conduct trials until July 1998.

The comments came as the company announced pre-tax profits slashed from £47.6m to £19.1m in the year to March, hit by a series of one-off charges relating to its telecommunications and mobile telephone activities. An £18m provision to cover accelerated amortisation of customer incentives at the group's service provider for the Cellnet mobile telephone network, Securicor Cellular Services, was announced in March in a profit warning.

But the group also revealed yesterday it was taking a £10m charge for an overrunning computer contract at Cellnet, of which Securicor owns 40 per cent.

IN BRIEF

Live TV serves writ on CableTel

Mirror Group's Live TV, the cable television company, has served a writ on CableTel for breach of contract. The two companies have been locked in dispute after CableTel excluded Live from its First Choice package. Mirror Group issued the writ yesterday after changes to the package continued in bar Live TV.

Charterhouse chairman to quit

Victor Blank, chairman of Charterhouse, announced yesterday he was to leave the bank. He took a non-executive role at the beginning of the year after giving Michael Hopper, chief executive, operational control. Mr Blank has been at the bank, which is jointly owned by BHF-Bank of Germany and Credit Commercial de France and its directors, for 16 years. He is also deputy chairman of Great Universal Stores and non-executive director of Williams and Coats Wyella.

Stellian set to win Vicenza bidding

Stellian, the London-based investment company, is thought to have made the highest bid for Vicenza's soccer club. If Stellian were to succeed, Vicenza would become the first foreign-owned soccer club in Italy. The investment group wants to redevelop the Romeo Menti stadium, invest in new players and look at sponsorship and merchandising. Two Italian bidders are also understood to be involved.

Portman raises minimum balance

The Portman building society yesterday moved to outwit "carpetbaggers" by raising the minimum balance for new accounts to £1,000. "Carpetbaggers" have been opening new accounts at building societies round the country in the hopes of a payout if they decide to abandon their mutual status in the future. Portman has seen new account openings triple across its 108 branches in recent weeks.

Airbus signs deal with Northwest

Airbus Industrie, the European plane-making consortium, yesterday stepped up the competition with its arch rival Boeing by confirming an agreement worth up to \$2bn (£1.25bn) to sell 50 A319 aircraft to Northwest Airlines.

The memorandum of understanding also includes an option to buy a further 100 of the twin-engine narrow-bodied planes, which have 125 seats. The A319 is the smallest version in 1999 and continue until 2003. The A319 is the smallest version of the single-aisle A320 family, a direct competitor to Boeing's revised 737. Northwest already has a fleet of 50 A320s and has ordered a further 20 of the planes for delivery in 1998 and 1999.

Shield Diagnostics shares soar

Shares in Shield Diagnostics soared 30p to 552.5p after the group reported positive comments on its diagnostic test for heart disease. Associated Factor Twelve, from a Florence conference of cardiologists and haematologists.

The company said that the reception at the conference would help in ongoing collaborative talks with potential partners for the test, which could be an alternative to cholesterol testing. Earlier this year, shares in the group soared following testing. Earlier the AFT test was a better predictor of heart attack risks than the traditional cholesterol test. Shield said yesterday that it could confirm that collaborative talks were progressing satisfactorily as were the group's plans to commercialise AFT.

BZW head defends integrated banks

Tom Stevenson
Financial Editor

The chief executive of BZW's global markets division, Robert Diamond, yesterday confirmed Barclays' global investment banking ambitions. His comments appeared to be a deliberate attempt to distance BZW from the confusion surrounding NatWest's investment banking strategy since its profits warning on Monday.

His defence of the combined retail and investment bank was seen as a response to the increasing debate, following the abrupt departure of NatWest

Market's chief executive, Martin Owen, about the wisdom of high street banks lavishing capital on their relatively volatile merchant banking operations.

Speaking to an audience of bankers, he dismissed concerns that medium-sized investment banks such as NatWest Markets and BZW were unable to compete seriously with their well-capitalised American rivals.

He said he believed the approach of European Monetary Union would lead to a "free for all" in which banks that had dominated their domestic markets battled for a share of the new "Euro scene".

That uncertainty would help UK and European banks undo the Americans' hegemony.

Listing the attributes needed to be a global investment banking player, he cited balance sheet strength and the ability to deliver a variety of solutions. Both of those could only be provided by fully integrated groups, he said, combining commercial and investment banking expertise.

Mr Diamond's comments came as Lord Alexander, chairman of NatWest, wrote to the bank's largest institutional investors, offering to meet with them to explain the bank's strategy.

Both NatWest and Barclays have come under increasing pressure from their shareholders to improve the returns from their investment banking arms.

In what appeared to be an oblique reference to the troubles at NatWest, Mr Diamond said that in order to succeed an investment bank needed the highest quality senior management. He said BZW had the "leadership and vision" to attract the best people, the very attributes Derek Wanless, NatWest's chief executive, said were lacking from NatWest Markets.

Following the resignation of Mr Owen on Monday, NatWest

is looking for a new chief executive. It expects to make an appointment within six months and, in the meantime, Mr Wanless has taken control of the investment banking operation.

The bank is also expected to shortly appoint a new finance director for NatWest Markets. Mr Diamond said the onset of EMU would be seen as a watershed that allowed the UK banks to put their stamp on the markets. The unification of Europe's financial markets would produce the largest capital pool in the world and mean that being global was finally more than being American.

Ofgas wanted tougher cuts

Chris Godsmark
Business Correspondent

Clare Spottiswoode, the gas industry regulator, returned to the Monopolies and Mergers Commission earlier this year to demand an even tougher price regime over British Gas's pipeline business, it emerged yesterday.

Details of the revised proposals came to light as analysts ploughed through the 400 page MMC report, which largely vindicated the demand of Ofgas, the watchdog, for substantial cuts in BG's pipeline charges. The final proposals by the MMC, announced on Wednesday, will see the average domestic bill fall by £29 this year and BG's revenues drop by almost £400m a year.

The MMC's report shows that Ms Spottiswoode returned with stronger sanctions in March in response to improvements during the period of the investigation in BG's productivity and an unexpected drop in its investment spending. In the "final" published proposals last August Ofgas said BG's asset base for the purposes of the price formula should be £12.4bn, compared with the

£17bn in the company's accounts. The lower asset value reduced the amount of cash BG could earn to cover depreciation costs.

But in March she told the MMC she wanted to cut the asset base further to just £10.9bn. She also urged the MMC to separate out the £4bn value of BG's non-regulated gas exploration and production business from the price formula, a move the MMC rejected. Had the MMC adopted the change it would have given BG less room to manoeuvre.

Analysts were yesterday surprised by Ms Spottiswoode's decision to ask for further concessions from the MMC. "In some respects this shows BG got a result by going to the MMC, even though the headline figures suggest they were defeated," said one analyst.

Separately yesterday Richard Giordano, BG chairman, toned down his previous opposition to the Ofgas case in a speech in Birmingham on the same platform as Ms Spottiswoode. He said: "Not all of the report is to our liking, but it is a thoughtful and thorough examination." BG shares fell 0.5p yesterday to 218.5p.

Arnault buys more GrandMet

Cathy Newman

Bernard Arnault's French luxury goods group, LVMH, has applied pressure on the food and drinks conglomerate, Grand Metropolitan, by carrying out his threat of increasing his stake in the company.

Mr Arnault yesterday bought 132.5 million GrandMet shares at £6.30, taking his stake in the company to 6.29 per cent. City analysts said yesterday that Mr Arnault wants to force the board of GrandMet into listening to his views on the company's £23bn merger with Guinness.

John Wakeley, managing director of equity research at Lehman Brothers, said: "Mr Arnault is very angry with the proposed merger. He's very serious about his proposals being accepted by the board of GrandMet."

Mr Arnault wants GrandMet to consider a proposal to merge the LVMH drinks group, Moët Hennessy, with the spirits divisions of both Guinness and GrandMet. Mr Wakeley said the Frenchman's move yesterday would force GrandMet to negotiate with him.

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20 June 1997

Profits warning puts Snakeboard on downward slope

Sameena Ahmad

Just when investors thought it could not get much worse, Snakeboard, the souped-up skateboard retailer that is chaired by the millionaire leisure guru David Lloyd, has announced its second profits warning in two months.

All of its directors are having their salaries cut by one-third and must surrender half their share option entitlements. The news came as Snakeboard, which was listed on AIM at 3.5p last November and is now worth 1.5p a share, announced pre-tax losses of £742,000 for the five months to March and said it would not make the pre-tax profit forecast of £2.6m for the 14 months to December. "These projections must now be regarded as no longer achievable," Mr Lloyd said.

Mr Lloyd has agreed to bail out the company by subscribing for £200,000 of convertible loan stock, said that a manufacturing glitch - which resulted in the board's wheels not turning properly - had put the company back by 18 months.



In a spin: Forecast down for the one-product retailer

However, he said that the manufacturing issue was resolved, the latest products were ready for shipment and that Snakeboard had secured over \$1.1m of new orders in June. "I am putting my money where my mouth is. I wouldn't invest in a company I didn't feel had good prospects. We had a slight manufacturing problem that has set us back. But the market for boards is young and massive and snakeboarding is proving fantastically popular in Europe."

Raymond Moore, managing director, said the cost cutting measures - which include cutting salaries, option entitlements and consultancy fees, could save around \$500,000 per year and meant that the group would have sufficient working capital to last for two years. "It is a horrible story. We are a one-product company who had no products to sell. But I went to everyone and said we must protect our working capital. I think it shows a serious and responsible attitude. It's nice that David also agreed to help us out." Part of the shake-out includes the resignation of Nick Macleod Smith, marketing director and brother of the board's designer. The group also plans to outsource its research and development.

Mr Lloyd was planning to expand into clothes and safety equipment. He admitted the market was competitive and said the group planned to introduce a cheaper board - which will retail for around £58 in the UK compared the top-of-the-range board which retails at £120.

ADP in takeover talks

Sameena Ahmad

ADP, the acquisitive US computer group, is believed to be in early takeover discussions with Kalamazoo, the struggling computer services company, which yesterday admitted that rival Lynx had walked away from merger talks.

Ian Davidson, Kalamazoo's finance director, said yesterday that the group had received "a number of additional approaches which may or may not lead to an offer". Shares in Kalamazoo, which tumbled earlier this year after a profits warning and revelations of accounting problems, have been rising since

April on bid rumours. A source close to the company said: "I would be surprised if ADP was not the first one in there. Like Kalamazoo it is strong in car dealer software in Europe."

However, others are sceptical that Kalamazoo is committed to a merger. Richard Last, chief executive of Lynx, which in early June confirmed leaks that it was eyeing up Kalamazoo, said the discussion had broken down because he had "not seen sufficient progress". Mr Davidson says the sticking point is the Kalamazoo Trust, which represents 40 per cent of the shares. "We are still investigating whether the trust is legally al-

lowed to sell shares. There is no guidance in the trusts deeds."

However, analysts believe it should not be an obstacle. "There are only four trustees and one of them is Kalamazoo's company secretary and another is an employee. If they wanted to recommend an offer they could do it," said one. Analysts believe Lynx did not want to be drawn into a formal bid, but would wait to see the outcome of the current talks. "They may come back," Mr Davidson denied the company was stalling on talks. "It's not a question of being reluctant. We are obliged to consider all offers." Shares in Kalamazoo fell 3.5p to 84p.

Sid should hold on to his BG shares

THE INVESTMENT COLUMN

EDITED BY MAGNUS GRIMOND

The dust has barely had time to settle on the Monopolies and Mergers Commission's report on British Gas (all 400 pages of it) and things have already gone remarkably quiet. A year ago the company warned the 1.7 million Sids who make up its shareholder base of impending financial chaos.

As recently as February, when the old British Gas split into BG and Centrica, the management warned the dividend could be wiped out if the company "lost" in the MMC report. Yet when the details finally emerged the shares went up. Yesterday they slipped 0.5p to 218.5p.

For Sid this is apparently no longer the "biggest smash and grab raid ever" that was originally billed, despite the fact that the headline price formula seems worse than Ofgas's final proposals. Bizarrely, City analysts were yesterday actually raising their dividend forecasts for BG as it emerged that the company had won some important concessions.

On the face of it the statistics are grim. The MMC said BG's assets, including pipelines and buildings, were worth £11.6bn, rather than the £17bn in the group's accounts, on which it can claim a 7 per cent rate of return each year. By the stroke of an accountant's pen, the company will change its accounting policy and write-off no less than £5bn from shareholders' funds.

The trick for BG is that by writing down its assets, the annual depreciation charge drops by around £300m. Of course at the same time the MMC has cut its revenues by some £380m a year, reflecting the £29 cut in average gas bills for domestic customers this year. But putting the two together leaves the reduction in BG's profits at a more manageable £100m, on paper at least.

Better still for BG was that while the public scaremongering was going on, the underlying performance of Transco, the pipeline division, was improving all the time that the MMC probe continued. BG said that 10,000 jobs could go if Ofgas won, yet 4,500 staff had already left the company when the report was published, boosting productivity.

It also revealed that there is £285m in revenues to carry forward to this year from undercharging in the prior year, all of which will reduce the 21 per cent price cut forced on BG by the MMC to a 5 per cent revenue reduction in the current period.

The biggest relief for Sid is that BG will pay a dividend when it reports its results in September. It may not be the 14.5p paid during the last year of British Gas as a combined group, but

it is likely to be around 8p - enough to yield a very reasonable 4.6 per cent and much better than the zero some gloomsters were predicting. That suggests Sid would not be wrong to keep on holding the shares.

Cellnet holds Securicor back

Securicor shares have been poor performers since the security to mobile telephones group moved belatedly last year to sort out its excessively complicated share structure. Part of the reason for that was reflected in yesterday's results.

Interim profits to March were slashed from £47.6m to £19.1m by a string of exceptional charges, some of which were heralded at the time of March profit warning, but some of which are new. All, however, tend to reflect the group's inability to control its own destiny.

As previously announced, Securicor is taking an £18m hit for the accelerated amortisation of the cost of incentives - mainly subsidised hand-

sets at £150 a throw - which Securicor Cellular Services (SCS), the service provider, is forced to give new mobile telephone subscribers to persuade them to sign up to the Cellnet network. Along with the £3.9m trading loss at SCS, this reflects the increasingly poor quality of subscribers in the business and the costs of the switch from the analogue to the digital service.

The less well-flagged problem stemmed from Securicor's 40 per cent stake in Cellnet itself, which has announced a £25m provision for cost overruns and delays on its Force billing and customer service system, originally budgeted at £70m.

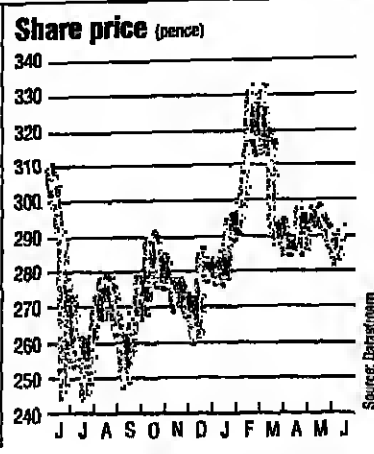
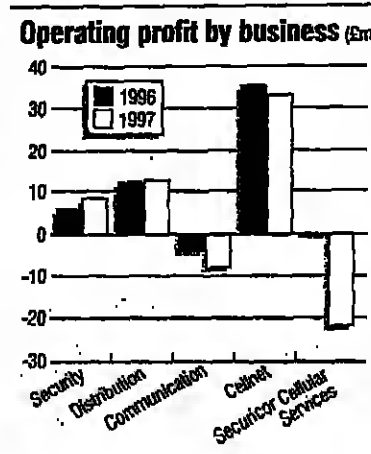
While Cellnet's performance is improving - the group's digital network has now overtaken that of more recent entrants Orange and One-2-Go - the provision just highlights how little control Securicor has over the management of an underperforming business which dominates its results. Before the charge, Cellnet contributed £43m to operating profits in these figures, a 23 per cent rise.

As long as the Government continues to block the sale of the stake to partners British Telecom - and

Securicor: At a glance

Market value: £1.67bn, share price 279p

Trading record	1994	1995	1996	1996	1997
		Full Year		Half Year	
Turnover (£m)	800	1,031	1,255	612	674
Pre-tax profits (£m)	80.6	99.4	107	47.6	19.1
Earnings per share (p)	n/a	10.5	12.4	5.1	1.6
Dividends per share (p)	n/a	1.33	1.56	0.35	0.39



Jarvis Hotels to spend more on health clubs

Magnus Grimond

Jarvis Hotels, which paid £16m for three hotels in January, is to undertake a £30m capital expenditure programme over the next 18 months to extend its existing buildings and add more leisure clubs.

The chief executive, John Jarvis, said the group remained alert to acquisition opportunities, but organic growth offered higher returns.

The plans include the construction of four more Sebastian Coe branded health club complexes in the year, taking the total in the group to 21, he said.

The former Olympic athlete has been retained as technical director to the group for a further five years, Mr Jarvis said.

His comments came as the group, which floated at 175p a share a year ago, announced a 29 per cent jump in profits to

£24.1m for the year to March. Turnover grew 16 per cent to £118m, while earnings per share were up from 10.7p to 13.7p.

The group is paying a final dividend of 2p, making a total of 3p for the nine-month period covered since the flotation or an annual total of 4p on a pro forma basis. Gearing fell from 177 per cent to 40 per cent over the 12 months. The company is in the process of further reducing borrowings by selling six

of its smaller hotels, with one sale already completed since the year end.

Mr Jarvis said they had delivered exactly what they had undertook to do in the flotation prospectus - "increase turnover, improve margin, deliver substantially increased profits and, through acquisitions and capital investment, build an even stronger portfolio for the future."

Mr Jarvis said the health clubs were one factor in the im-

provement in group operating margins from 33 to 33.5 per cent last year. "Those margins are the best in the middle market sector and we are happy to retain that level," he added.

He remained optimistic about the outlook for the industry, countering any suggestion that the buoyant UK hotel market might be reaching the peak of a cycle.

"The current strength is totally to do with the strength

of the UK economy. There is no such thing as a hotel cycle. It is due to the economy and as long as it remains strong so will our markets", he said.

Separately, Thistle Hotels announced it was raising £60m of 7 1/2 per cent debenture stock maturing in 2022 to replace existing borrowings. The final redemption yield was set at 7.961 per cent after the price was set at £99.075 per £100 nominal of stock.

Company Results

	Turnover £	Pre-tax £	EPS	Dividend
Avonco Mining (F)	26m (19.4m)	2.7m (2.1m)	8.4p (8.2p)	nil
Calsonic (F)	26m (19.4m)	2.7m (2.1m)	8.4p (8.2p)	49p (16p)
Covis (F)	42m (33.6m)	75.7m (40.2m)	68.3p (30.7p)	49p (16p)
Cox Insurance (F)	42m (33.6m)	75.7m (40.2m)	68.3p (30.7p)	3.75p (2p)
Ed&F Man (F)	42m (33.6m)	75.7m (40.2m)	68.3p (30.7p)	3.85p (1m)
ED&F Man (F)	42m (33.6m)	75.7m (40.2m)	68.3p (30.7p)	10.7p (11p)
Gerrard Group (F)	42m (33.6m)	75.7m (40.2m)	68.3p (30.7p)	15p (23p)
Jarvis (F)	261.2m (75.4m)	15.15m (50.00m)	15.15p (1.2p)	5.5p (nil)
Jarvis Hotels (F)	118.2m (101.7m)	16m (12.5m)	10.1p (8.7p)	2.0p
James Latham (F)	82.9m (72.6m)	2.1m (1.4m)	27.8p (21.5p)	7.75p (6.25p)
Metropolitan (F)	15.7m (13.4m)	925,000 (106,000)	2.84p (0.43p)	1p (0.7p)
Securicor (F)	674m (612m)	19.1m (47.6m)	1.6p (5.1p)	0.39p (0.35p)
Symonds (F)	30.8m (14.2m)	2.69m (1.45m)	3.6p (4.5p)	1.3p (1.2p)
John A Wood (F)	9.4m (7.6m)	1.64m (726,000)	12.2p (5.4p)	3.75p
Guilford (F)	10.8m (12.3m)	653,000 (476,000)	1.46p (1.51p)	nil

(F) - Full (F) - Interim (M) - Nine months

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STAR OF PRAGUE

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Safeway moves into Ireland

Magnus Grimond

Safeway, the food retailing group, is following its mainland rivals J Sainsbury and Tesco across the Irish Sea by teaming up with Tony O'Reilly's Fitzwilliam group in an IR£77m (£74m) deal to establish 19 stores in Northern Ireland.

Safeway Stores (Ireland), the equally-owned joint venture, will buy nine of Fitzwilliam's food stores trading under the Wellworth name, the leading chain in Northern Ireland, and lease another six while developing four outlets.

The move will catapult Safeway into another two positions in the province behind Tesco, which has 34 stores following a deal to buy Associated British Foods' outlets earlier this year. Safeway plans to use the bridge-

head established in the north to expand southwards.

Safeway said it had been working on the Irish plans for the past seven months. Teaming up with Wellworth, which had traded throughout the Troubles, meant Safeway would retain political balance, said Simon Laffin, finance director.

The joint venture, into which each party is putting £10m of equity capital, will buy the nine stores for IR£67.4m (£61.8m) and spend around £5m on each store to add petrol stations and general refurbishment. The resulting average cost of under £11m a store compared with more than £16m to build one on the mainland, Mr Laffin said.

The Irish group has sold the remaining 21 Wellworth stores to Musgrave, a private company, in an IR£67m deal.

Hambro bids £12m for John D Wood

Magnus Grimond

Hambro Countrywide, the UK's largest estate agency, yesterday made its second foray into the London property market in three months, agreeing an £11.9m bid for John D Wood, the Mayfair-based estate agents.

If the takeover goes through, it will bring a windfall of £4.7m to the joint chairman, Ian Homersham and George Pope, who brought the business to the Unlisted Securities Market at 144p a share in 1987 and have committed the near-40 per cent stake they control to the bid.

net around £3m. Wood's shares fell 0.5p to 145.5p yesterday, having risen 15p the day before.

However, the 145p-a-share cash offer does not represent much of an advance on the original listing price, even though shareholders will be entitled to retain a second interim dividend of 2.5p a share declared yesterday.

The announcement came alongside news of a bounce in pre-tax profits from £729,000 to £1.64m for Wood in the year to April. The company recorded a 29 per cent jump in turnover from its nine central London residential sales offices.

IN BRIEF

Flextech sells 23 per cent stake in HIT

British cable and satellite television company Flextech has agreed to sell its entire 23 per cent stake in A1M-quoted HIT Entertainment.

Flextech said it would realise £7.5m from the sale compared to an initial investment of £625,000 in 1990. "HIT is no longer a strategic shareholding for Flextech and we are taking this opportunity to realise a significant return on our original investment," the company said.

Flextech's statement came after HIT said it would raise about £8.1m net through a two-for-seven rights issue at a price of 270p per share. It plans to seek a full listing on the Stock Exchange.

Ushers calls for changes to duty rates

Ushers of Trowbridge, the brewing and pub group which floated in March, is urging the Government to re-examine duty rates on beer.

The company, which yesterday announced a first-half maiden dividend of 0.6p, wants the rates to be brought into line with Europe.

Gerrard profits hit by merger costs

Gerrard Group's full-year profits were hit by the costs of merging with King and Shaxson and a profits slide at the futures and options broker, GNI. Profit before tax was down to £17.8m from £27.2m last year.

TI wins contracts worth \$270m

TI Group said it had won a total of \$270m of new business at the Paris Airshow. The latest contract included an agreement to supply British Aerospace Airbus with landing gear systems.

Record profits at ED&F Man

ED&F Man, the commodities group, reported record full-year profits after a strong performance in financial services. Pre-tax profit was up by 5 per cent to £85.2m above City forecasts, which came in at between £78m and £84m.

Siebel cleared to acquire APV

The European Commission said it had cleared Siebel to acquire the UK's APV by way of a public offer.

Market overlaps were limited to automatic ordering systems for industry and did not raise competition worries, the commission said.

Pre-tax profits up at Caledonia

Pre-tax profits at Caledonia Investment rose to £75.7m (£40.2m), helped by the inclusion of the group's 25 per cent share in the profits of Close Brothers for a full year. Otherwise its investment in Sterling Industries and Ivory & Sime made welcome improvements.

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market report / shares

Data Bank

FTSE 100	4653.7	-3.3
FTSE 250	4492.9	-23.3
FTSE 350	2253.2	3.5
SEAQ VOLUME	1,088,176	
45,253 bargains		
Gifts Index	96.04	-0.25

Share spotlight

Share price, pence

RJB Mining

French sloop on GrandMet adds spirit to late trading

Bernard Arnault enlivened a dead-end stock market. The French tycoon's tea-time swoop on GrandMetropolitan sent turnover bubbling over 1 billion shares and pushed the nation's three leading spirit groups sharply higher.

GrandMet jumped 17.5p to 603.5p and its would-be partner, Guinness, 15p to 605p. But it was Allied Domecq, the Beefeater gin and Teacher's whisky group which would be a casualty of any GrandMet/Guinness deal, which stole the show.

As the market closed there was a sudden rush to buy and Allied, which had been bumping along near its all-time low, enjoyed the distinction of heading the blue-chip leader board with a 13.5p gain to 428p.

The sudden interest in struggling Allied prompted suggestions it could be dragged into the GrandMet/Guinness imbroglio or may have attracted

the attention of Seagram, the Canadian group which would be hit by the creation of a new and powerful spirit giant.

There was also talk of Allied linking with other spirits group such as Pernod Ricard of France or the unquoted Bacardi rum business.

In early trading, Allied shares were friendless, off 7p. The sudden buying enthusiasm took Seag recorded turnover to approaching 1.5 million.

Mr Arnault's LVMH luxury goods group, which runs the Moët Hennessy Champagne and Cognac group with Guinness as a minority shareholder, seems to have acquired 126 million GrandMet shares, most at 630p. It is thought the vast majority came from Mercury Asset Management.

The staggering £790m raid lifts LVMH's stake to 6.29 per cent. There is speculation it intends to take its shareholding to 15 per cent.



MARKET REPORT
DEREK PAIN
stock market reporter of the year

Idea is to put pressure on the proposed GrandMet/Guinness deal to form GMG Brands. Mr Arnault is against the alliance and favours a three-way link involving the GrandMet and Guinness wine and spirit operations and Moët Hennessy.

LVMH has 14 per cent of Guinness. At one time it had 24 per cent. In January the French group sold around 7 per cent at 414p. It now has 14.2 per cent.

The rest of the market was made to look a little foolish by New York. It spent much of the session wallowing in despair, fretting about the Budget, interest rates and today's futures and options expiry.

Then New York opened on a surprisingly positive note. And Footsie, which had been down 27.9 points, scampered to catch up, ending 3.3 lower at 4,653.7.

BICC, the cables and construction group, eased to 181.5p as Credit Lyonnais Leasing and NatWest Securities made cautious noises. Imperial Chemical Industries, up 26p to 859.5p, was buoyed by US buying and Lloyds TSB gained 14.5p to 620p with SBC Warburg thought to have lifted its profits estimates and put a buy sign on the shares. BT buzzed 4.5p higher to 455.5p, anticipating MCI merger benefits.

Former building societies Alliance & Leicester and Halifax moved ahead in anticipation of Monday's elevation to Footsie. A&L rose 11p to 599p and Halifax 10.5p to 745p.

BSkyB, the satellite broadcaster, had another downbeat session, falling 13.5p to 508p. RioTinto's copper-inspired run came to an end with the shares off 19p to 1,065.5p.

Kalamazoo, the computer group should be a further 50,000 shares at 37p. The were sold to investors at 50p in February.

Mid States, the US car parts group which reached 122p a few years ago, fell 6.25p to 12p following a trading warning. West 175 Enterprises, a US TV producer, added 5p to 85p after clinching a deal to develop and produce BBC programmes.

Owen & Robinson, the retail chain, firmed to 11p. In share exchange it is bidding 63p a share for Oxford Capital Roma, a clothing and footwear retailer, up 6p to 60p. Michael Abrams of Capolito will become chief executive of the enlarged group.

crashed 112.5p to 372.5p when BZW cut last year's forecast to £192m. In the event the company produced £189.2m.

Birmingham City, the football club, held at 38p. David Sullivan and the Gold brothers, who control the club, have picked up a further 50,000 shares at 37p. The were sold to investors at 50p in February.

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Taking Stock

Amminex, with oil and gas interests in the former Soviet Union, gained 2p to 76.5p. There is speculation it is on the verge of clinching a long rumoured deal in Kazakhstan, 450 miles from Moscow, which could add a remarkable 3 billion barrels to its reserves. Russian shareholders have a big stake; so has the World Bank.

Farrington, backed by entrepreneur Trevor Hemmings, returned to market following the takeover of Lingfield Park racecourse. One deal went through at 18.5p. From today it will be called Arena Leisure.

Interesting times for Bruncliffe Aggregates. Bodrari (Quarries), an unquoted Welsh group, has lifted its stake to 9.35 per cent. Aggregate Industries has 23 and could go to 27 per cent. Bruncliffe fell 3p to 32.5p.

Alcoholic Beverages										Distributors										Banks, Merchant										Banks, Retail										Engineering Vehicles										Extractive Industries										Diversified Industrials										Breweries, Pubs & Rest																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																								
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Denney	39.75	0.25	100	40.00	39.50	Alco Denney	39.75	0.25	100	40.00	39.50	Alco Denney	39.75	0.25	100	40.00	39.50	Alco Denney	39.75	0.25	100	40.00	39.50	Alco Denney	39.75	0.25	100	40.00	39.50	Alco Denney	39.75	0.25	100	40.00	39.50	Alco Denney	39.75	0.25	100	40.00	39.50	Alco Denney	39.75	0.25	100	40.00	39.50	Alco Denney	39.75	0.25	100	40.00	39.50	Alco Denney	39.75	0.25	100	40.00	39.50	Alco Denney	39.75	0.25	100	40.00	39.50	Alco Denney	39.75	0.25	100	40.00	39.50	Alco Denney	39.75	0.25	100	40.00	39.50	Alco Denney	39.75	0.25	100	40.00	39.50	Alco Denney	39.75	0.25	100	40.00	39.50	Alco Denney	39.75	0.25	100	40.00	39.50	Alco Denney	39.75	0.25	100	40.00	39.50	Alco Denney	39.75	0.25	100	40.00	39.50	Alco Denney	39.75	0.25	100	40.00	39.50	Alco Denney	39.75	0.25	100	40.00	39.50	Alco Denney	39.75	0.25	100	40.00	39.50	Alco Denney	39.75	0.25	100	40.00	39.50	Alco Denney	39.75	0.25	100	40.00	39.50	Alco Denney	39.75	0.25	100	40.00	39.50	Alco Denney	39.75	0.25	100	40.00	39.50	Alco Denney	39.75	0.25	100	40.00	39.50	Alco Denney	39.75	0.25	100	40.00	39.50	Alco Denney	39.75	0.25	100	40.00	39.50	Alco Denney	39.75	0.25	100	40.00	39.50	Alco Denney	39.75	0.25	100	40.00	39.50	Alco Denney	39.75	0.25	100	40.00	39.50	Alco Denney	39.75	0.25	100	40.00	39.50	Alco Denney	39.75	0.25	100	40.00	39.50	Alco Denney	39.75	0.25	100	40.00	39.50	Alco Denney	39.75	0.25	100	40.00	39.50	Alco Denney	39.75	0.25	100	40.00	39.50	Alco Denney	39.75	0.25	100	40.00	39.50	Alco Denney	39.75	0.25	100	40.00	39.50	Alco Denney	39.75	0.25	100	40.00	39.50	Alco Denney	39.75	0.25	100	40.00	39.50	Alco Denney	39.75	0.25	100	40.00	39.50	Alco Denney	39.75	0.25	100	40.00	39.50	Alco Denney	39.75	0.25	100	40.00	39.50	Alco Denney	39.75	0.25	100	40.00	39.50	Alco Denney	39.75	0.25	100	40.00	39.50	Alco Denney	39.75	0.25	100	40.00	39.50	Alco Denney

business

CWC's talks with Sky over pay-per-view may be stalled. Cathy Newman reports

Cable firms look for a Hollywood ticket

Talks between Cable & Wireless Communications and BSkyB about launching a joint pay-per-view service may have suffered a setback after Sky was told to drop its equity stake in British Digital Broadcasting (BDB), one of the consortia bidding for the digital terrestrial television licences.

Cable and satellite operators have been making overtures to the Hollywood studios - Disney, Universal, MGM, Warner, Paramount and Sony - for some time, lately with some urgency. Before BSkyB was ordered to pull out of BDB over competition worries the satellite operator had been making impressive headway in negotiations with CWC about a joint pay-per-view service. An announcement had been expected within weeks.

However, one source said yesterday that if Sky were to pull out of British Digital Broadcasting, CWC may decide to throw its lot in with the other cable companies in securing studio rights, rather than sleeping with the enemy, Sky.

Despite advanced talks with Sky, CWC has been careful not to close any doors in tying up content for digital cable. Hence the fact that CWC has joined Telewest in a consortium called On Demand Management, which is trying to tie up film deals on behalf of the cable industry.

An agreement on these talks is also due soon, but not until CWC has committed itself either to Sky or the cable industry. The company's spokesman indicated yesterday that a de-

cision on which party to back was still some way off.

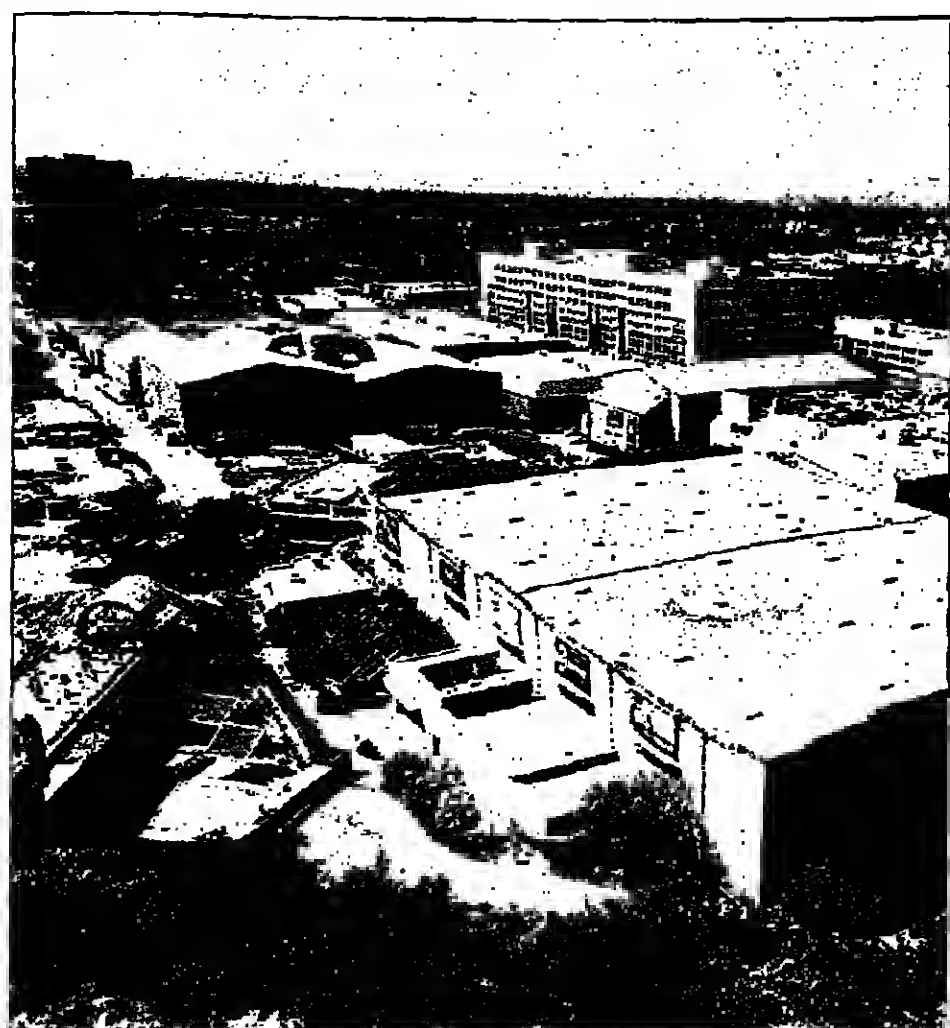
"We are keen to keep all our options open. We're still looking at where our content is coming from," he said.

So far, pay-per-view events - where consumers pay to view a specific film or sporting fixture - have been limited to four boxing events negotiated by Sky. But the advent of digital television will open the way for a range of pay-per-view opportunities, especially in the film industry.

The proliferation of channels promised by the switch from analogue to digital technology will enable individual movies to be shown at roughly 15-minute intervals on different channels - what's known as near-video-on-demand.

As Neil Blackley, media analyst at Merrill Lynch, explains: "To show movies on a near-video-on-demand basis, you probably need 100 channels showing 20 movies around eight months after theatrical release." According to Mr Blackley's own forecasts, based on similar services operating in the States, the average cable or satellite subscriber makes two pay-per-view purchases a month, at around £3 a time.

And the stakes are high, with revenues from movie services expected to approach £1bn within a decade, according to the industry magazine, *Broadcast*. As a spokesman for Cable & Wireless Communications says: "There's £1.3bn spent on video rental each year in the UK. We'd like a slice of that, please."



Dream factory: Cable firms are chasing big Hollywood studios such as Universal (above) since Sky tied up lucrative pay-per-view options on sporting events

Pay-per-view plans are ambitious, but, at this stage, largely under wraps. A third of up to 200 channels offered by digital satellite would be dedicated to pay-per-view, which would include not only sporting events and movies, but also niche channels for which consumers would be prepared to pay extra.

For example, a Manchester United channel, featuring some exclusive matches, would be a possibility. The electronic programme guide, which enables users to find their way round the hundreds of different channels, would also allow viewers to structure their own viewing schedule by mixing and matching different pay-per-view sports and movies events.

Pay-per-view prospects on digital terrestrial depend on the outcome of the Independent Television Commission's deliberations. Digital Television Network, the group backed by the cable company NTL, has pledged to offer six pay-per-view sport and movie channels. However, BDB did not make any promises on pay-per-view in its application.

According to some analysts, pay-per-view movie services provide the cable companies with their big break. Although digital technology will allow Sky to provide many more channels than it can currently, transmitting by satellite still limits the number. Cable, by contrast, has virtually limitless capacity, and could, according to one cable operator, "do 500 different channels in 500 different areas" if it chose to.

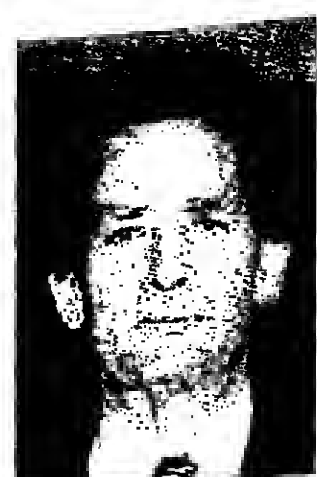
Pay-per-view is expected to be the linchpin of CWC's digital service, and the company may use up to 80 channels to show the top 20 movies on release at any one time at half-hourly intervals.

Cable companies are going for broke on the film rights, in part because sport is pretty well sewn up by Sky. Rupert Murdoch's operator has an option on pay-per-view Premier League matches following Sky's £250m deal last June. The rights would be well worth having, with UBS estimating that Premier League pay-per-view matches will be worth nearly £450m by 2002.

With those kind of sums at stake, cable and satellite operators may be forgiven for saying there's all to play for before digital television gets under way in earnest.

Barclays Bank falls foul of the laws of Lawson

PEOPLE & BUSINESS



Wordsmith: Nigel Lawson wrote the rules in 1963

Lord Lawson of Blaby, former Chancellor of the Exchequer and sometime diet guru, trousers £31,000 a year as a non-executive director of Barclays Bank. Shareholders in Barclays and Lord Lawson's fellow directors should therefore make a point of perusing a recently published collection of writings on investment, *The Investor's Anthology: Original Ideas from the Industry's Greatest Minds*.

The book reprints an article the then Nigel Lawson penned in 1963 when he was City Editor of the *Sunday Telegraph*, headed "Seven rules for investors". The question is, does Barclays pass these rules?

The list of rules starts with: "Avoid companies whose chairman's photograph is published more than four times a year." Barclays should be OK there - photos of chairman Andrew Buxton are hardly ever seen these days, overseen as he is by former Courtlaids madame idol Martin Taylor.

Lord Lawson's second rule is: "Avoid companies that publish their balance sheet in front of their profit and loss account in the final report."

Again Barclays passes with flying colours. Uh-oh. Rule three says: "Invest in companies whose chairman is less than 5'8" tall." That's blown it. Mr Buxton towers well over 6 foot.

On to rule four: "Assess the board on the points system as follows - one point for every director, and an extra point for every peer, senator, general or aristocrat." More than 15 points disqualifies, or more than 20 in the case of banks and insurance companies.

Here Barclays just squeezes through with 14 points, including two points for Lord Lawson himself, the only peer.

Fifth: "Avoid companies who hold their annual general meetings at awkward

times or in unlikely places." No problem there. Barclays' agm was on a Tuesday in April at the QEII conference centre in Westminster.

But wait for rule six: "Avoid companies who have just moved into a lush head office." The reasonably new clearing bank head office in Bishopsgate is pretty lush, while BZW is just moving into a veritable palace in Canary Wharf.

Docklands way. On the last rule: "Add figures taken longer to add than good ones." It always publishes figures on time. But shareholders should still be wary of a book that fails two of the Laws of Lawson.

May I welcome the Italian cricket team, who have just arrived to commence a tour of England. On Wednesday the UK branch of Generali, the team's Italian sponsors, held a reception for the team at their City offices in Fenchurch Street. Incidentally, I am informed the Italian for "Howzat?" is "Com'e questo?"

The 66-page offer for subscription document pub-

lished by Audio Books and Music Holdings repays careful reading. The company, which started operations in May last year, is seeking to raise £1.5m. It supplies audio books to retailers.

Page 55 of the document lists the previous directorships of David Selby, ABM's chairman, John Cooper, managing director, and Hugo Robson, a non-exec. (A finance director and sales director are being sought.)

It tells us that Mr Selby was a director of Alliance Property and Construction and its subsidiary, APC Management Contractors, "which suffered heavily in the property crash of 1991/92 and were ultimately wound up after bank LPA receivers had been appointed".

The document goes on: "In 1991 an associated group of seven companies, whose main trading company was Savage Transformers Limited, went into receivership." And there's more: "In 1995 the companies forming the school textbook supply division of the Foyles Educational Group was put into receivership. The change in the structure of Government financing to schools materially affected the school book supply market."

Turning the page, we find: "Hugo Robson was a non-executive director of London Executor and Trustee Limited, a fund management company. This ceased trading in November 1987 and subsequently was put into liquidation."

John Cooper was a director of "Posb Entertainment Limited. This was wound up by the Official Receiver in March 1996."

I wonder what Lord Lawson of Blaby would make of it all.

John Willcock

Foreign Exchange Rates

Country	Spot	1 month	3 months	D-Mark	Spot	1 month	3 months
US	1.6465	13.12	41.38	1000	-	-	0.5789
Canada	22.967	89.48	203.37	13988	32.31	89.38	0.0353
Germany	2.2388	84.83	261.255	17247	39.38	117.76	10.000
France	258.92	265.25	625.893	58925	18.39	62.39	8.168
Italy	278.05	0.2	4.2	16888	174.79	468.80	597.656
Japan	167.50	98.57	256.291	13438	52.51	62.97	61.0289
UK	1.4521	30.23	133.68	14.12	1.0151	1.0151	1.0151
Belgium	36.599	165.15	525.501	35560	78.74	225.224	203.635
Denmark	10.94	277.289	865.829	65880	18.15	265.355	3.0082
Netherlands	3.981	65.65	281.201	15405	43.42	120.27	1.0151
Ireland	10.991	4.3	16.12	1.0151	8.7	10.15	0.0353
Norway	11.933	331.322	1019.468	72478	147.142	438.498	4.2021
Spain	238.542	105.25	325.88	45488	42.39	84.548	1.0151
Sweden	2.268	248.239	787.748	12710	93.38	288.479	4.709
Switzerland	2.3689	106.105	320.535	14376	54.33	161.39	0.0353
Australia	2.2353	2.3	2.3	14549	5.1	6.7	0.0353
Hong Kong	7.246	16.2	103.46	7246	5.4	13.15	1.0151
Malaysia	4.121	34.01	124.143	2257	40.50	125.143	1.0151
India	2.2353	2.3	2.3	14549	5.1	6.7	0.0353
Saudi Arabia	6.758	37.33	124.143	7246	5.4	13.15	1.0151
South Africa	2.2470	49.44	153.141	14254	19.16	58.63	0.0353

Other Spot Rates

Country	Sterling	Dollar	Country	Sterling	Dollar
Argentina	16.648	0.9999	Nigeria	140.34	83.2000
Australia	1.9928	1.2366	Oman	0.834	0.3360
Brazil	1.773	10.5458	Pakistan	66.4588	40.1340
China	13.6581	8.295	Philippines	43.673	26.4000
India	5.2973	34.009	Portugal	285.849	17.610
Indonesia	1.9928	5.070	Romania	1.6828	1.6828
Ghana	34.5710	20.000	Russia	94.9331	57.6400
Greece	44.0304	27.2690	South Africa	74.337	4.5555
Italy	2.2353	36.5203	Taiwan	46.8337	27.6300
Kuwait	0.4950	0.3030	UAE	60.496	36.731

Forward rates quoted high to low are at a discount; subtract from spot rate. Rates quoted low to high are at a premium; add to spot rate. *Dollar rates quoted as reciprocals. For the latest foreign exchange rates call 0891 123 3033. Cells cost 50p per minute.

Interest Rates

UK	6.50%	Germany	2.50%	US	8.50%	Japan	0.50%
France	5.50%	Discount	4.50%	Prime	5.00%	Belgium	2.50%
Intervention	370%	Lombard		Discount	5.50%	Central	3.00%
Italy		Prime	4.75%	Spain		Switzerland	1.00%
Discount	6.75%	Discount	2.96%	10-Day Repo	5.25%	Lombard	na %
Netherlands		Denmark		Sweden			
Advances	2.90%	Discount	3.25%	Repo (Ave)	4.00%		

Bond Yields

Country	5yr	10yr	15yr	20yr	30yr
UK	7.0%	7.04	7.25	7.12	6.91
US	6.6%	6.30	6.25	6.42	6.54
Japan	5.0%	5.00	5.00	5.00	5.00
Australia	10.0%	6.00	6.72	6.02	5.80
France	6.0%	4.75	6.0%	5.72	5.72
Germany	4.75%	4.75	4.75	4.75	4.75

Money Market Rates

Overnight	7 Day	1 Month	3 Months	6 Months	1 Year
Interbank	5.75%	6.0%	6.1%	6.2%	6.3%
Local Authority	5.75%	6.0%	6.1%	6.2%	6.3%
Local Authority	5.75%	6.0%	6.1%	6.2%	6.3%
Local Authority	5.75%	6.0%	6.1%	6.2%	6.3%
Local Authority	5.75%	6.0%	6.1%	6.2%	6.3%

Tourist Rates

£ Buys	21300	£ Buys	21300	£ Buys	21300
Australia (Dollars)	21300	France (Francs)	21300	New Zealand (Dollars)	21300
Austria (Schillings)	21300	Germany (Mark)	21300	Portugal (Escudos)	21300
Belgium (Francs)	21300	Greece (Drachmas)	21300	Spain (Pesetas)	21300
Canada (Dollars)	21300	Hong Kong (Dollars)	21300	Switzerland (Francs)	21300
Denmark (Krone)	21300	India (Rupees)	21300	Taiwan (New Dollars)	21300
Finland (Markka)	21300	Italy (Lira)	21300	Thailand (Baht)	21300
France (Francs)	21300	Japan (Yen)	21300	United States (Dollars)	21300

Liffe Financial Futures

Contract	Settlement	High/Low	Open	Inter
Long Gilt	114.50	114.50	114.50	114.50
Short Gilt	114.50	114.50	114.50	114.50
Long Gilt	114.50	114.50	114.50	114.50
Short Gilt	114.50	114.50	114.50	114.50

FTSE 100 Index Option

Series	4600	4650	4700	4750	Call/Put
Jun	55.5	16.14	14.8	1.97	...
Jul	131.63	101.83	72.109	51.19	...
Aug	131.716	131.716	104.140	81.108	...
Sep	137.113	137.113	137.113	112.113	110.113

Energy

Contract	Settlement	High/Low	Open	Inter
Long Gilt	114.50	114.50	114.50	114.50
Short Gilt	114.50	114.50	114.50	114.50
Long Gilt	114.50	114.50	114.50	114.50
Short Gilt	114.50	114.50	114.50	114.50

Commodity Indices

Index	Value	Change	Index	Value	Change
Oil	114.50	114.50	Gold	114.50	114.50
Oil	114.50	114.50	Gold	114.50	114.50
Oil	114.50	114.50	Gold	114.50	114.50
Oil	114.50	114.50	Gold	114.50	114.50

Industrial Metals

Aluminium	1587.00	1587.00	1587.00	1587.00
Aluminium	1587.00	1587.00	1587.00	1587.00
Aluminium	1587.00	1587.00	1587.00	1587.00
Aluminium	1587.00	1587.00	1587.00	1587.00

Precious Metals

Platinum	418.00	418.00	418.00	418.00
Platinum	418.00	418.00	418.00	418.00
Platinum	418.00	418.00	418.00	418.00
Platinum	418.00	418.00	418.00	418.00

Agricultural

Wheat	111.15	111.15	111.15	111.15
Wheat	111.15	111.15	111.15	111.15
Wheat	111.15	111.15	111.15	111.15
Wheat	111.15	111.15	111.15	111.15

Other Softs

May	111.15	111.15	111.15	111.15
May	111.15	111.15	111.15	111.15
May	111.15	111.15	111.15	111.15
May	111.15	111.15	111.15	111.15

Latest Unit Trust Prices

Stock	Sell	Buy	Ytd	Stock	Sell	Buy	Ytd	Stock	Sell	Buy	Ytd
AIM AMPRO	1.00	1.00	1.00	AIM AMPRO	1.00	1.00	1.00	AIM AMPRO	1.00	1.00	1.00
AIM AMPRO	1.00	1.00	1.00	AIM AMPRO	1.00	1.00	1.00	AIM AMPRO	1.00	1.00	1.00
AIM AMPRO	1.00	1.00	1.00	AIM AMPRO	1.00	1.00	1.00	AIM AMPRO	1.00	1.00	1.00
AIM AMPRO	1.00	1.00	1.00	AIM AMPRO	1.00	1.00	1.00	AIM AMPRO	1.00	1.00	1.00

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FINSTAT -

	£1+	0.20%	0.16%
EST ACCOUNT	£100,000+	4.30%	3.44%
to Balmoral Fixed	£50,000+	4.15%	3.32%
and Balmoral	£25,000+	4.10%	3.28%
	£10,000+	3.80%	3.04%
	£2,000+	2.95%	2.36%
COME ACCOUNT	£100,000+	4.22%	3.37%
to Balmoral	£50,000+	4.07%	3.26%
(monthly income)),	£25,000+	4.02%	3.22%
	£10,000+	3.74%	

ACCOUNT	AMOUNT INVESTED	GROSS RATE OF INTEREST PA* (VARIABLE)	NET PA**	ACCOUNT	AMOUNT INVESTED	GROSS RATE OF INTEREST PA* (VARIABLE)	NET PA**
INSTANT ACCESS DEPOSIT				PREMIER PLUS MONTHLY INCOME			
£100,000+	3.80%	3.04%		ISSUE 1	£100,000+	5.65%	4.52%
£50,000+	3.80%	3.04%			£50,000+	5.37%	4.29%
£25,000+	3.60%	2.88%			£25,000+	5.13%	4.10%
£10,000+	3.30%	2.64%			£10,000+	4.89%	3.91%
£5,000+	2.90%	2.32%			£5,000+	4.51%	3.60%
£2,000+	2.70%	2.16%			£2,000+	3.93%	3.14%
£1,000+	2.55%	2.04%			£500+	3.45%	2.76%
£500+	2.35%	1.88%					
£1+	0.20%	0.16%					
MONTHLY SAVER				PREMIER TWELVE			
£50,000+	3.40%	2.72%		Variable (Issue 1) Rate Options paying	£100,000+	6.55%	5.24%
£25,000+	3.40%	2.72%		Interest annually.	£50,000+	6.55%	5.24%
£10,000+	3.35%	2.68%			£25,000+	6.45%	5.16%
£5,000+	3.30%	2.64%			£10,000+	6.40%	5.12%
£1+	3.20%	2.56%			£5,000+	6.25%	5.00%
90 DAY NOTICE ACCOUNT				PREMIER TWELVE			
Interest paid annually.				Variable (Issue 1) Rate Options paying	£100,000+	6.36%	5.09%
£100,000+	5.80%	4.64%		Interest monthly.	£50,000+	6.36%	5.09%
£50,000+	5.50%	4.40%			£25,000+	6.27%	5.01%
£25,000+	5.25%	4.20%			£10,000+	6.22%	4.98%
£10,000+	5.00%	4.00%			£5,000+	6.08%	4.86%
£5,000+	4.60%	3.68%					
£2,500+	4.00%	3.20%		BONUS TESSA			
£500+	3.50%	2.80%		(No longer available).	£3000+	5.25%	
					£500+	3.75%	
90 DAY NOTICE ACCOUNT					£1+	1.00%	
Interest paid monthly.				PREMIER TESSA			
£100,000+	5.65%	4.52%		(FOLLOW UP) (Issues 1 & 2)	£9,000+	6.60%	
£50,000+	5.37%	4.29%			£5,000+	6.30%	
£25,000+	5.13%	4.10%			£3,000+	6.30%	
£10,000+	4.89%	3.91%			£500+	4.50%	
£5,000+	4.51%	3.60%			£1+	1.00%	
£2,500+	3.93%	3.14%					
£500+	3.45%	2.76%		TESSA PLUS			
					£3000+	6.40%	
120 DAY NOTICE ACCOUNT					£500+	4.90%	
Interest paid annually.					£1+	1.50%	
£100,000+	6.25%	5.00%					
£50,000+	6.20%	4.96%		PREMIER RESERVE BOND			
£25,000+	6.10%	4.88%			£1,000+	6.20%	4.96%
£10,000+	6.00%	4.80%					
£5,000+	5.85%	4.68%		SECURE INVESTMENT ACCOUNT			
£2,500+	4.50%	3.60%		(Issue 4).	£2,000+	6.20%	4.96%
£1,000+	4.45%	3.56%					
120 DAY NOTICE ACCOUNT				CHARITY ACCOUNT			
Interest paid monthly.					£1+	2.80%	2.24%
£100,000+	6.08%	4.86%					
£50,000+	6.03%	4.82%		FULLY PAID SHARE			
£25,000+	5.94%	4.75%		(Rates also apply to Cheshunt Investment	£50,000+	2.81%	2.25%
£10,000+	5.84%	4.67%		Share, Cheshunt Clubs, Cheshunt Ex-Thrift	£25,000+	2.67%	2.13%
£5,000+	5.70%	4.56%		and Cheshunt Subs. Share, all no longer	£10,000+	2.37%	1.90%
£2,500+	4.41%	3.53%		available).	£5,000+	2.63%	1.62%
£1,000+	4.36%	3.49%			£2,000+	1.79%	1.43%
					£500+	1.00%	0.80%
ONE YEAR OPTION BOND DEPOSIT					£1+	0.20%	0.16%
Variable (Issue 1) Rate Options paying	£100,000+	6.55%	5.24%	SELECT			
Interest annually.	£50,000+	6.55%	5.24%	(No longer available).	£50,000+	2.85%	2.28%
	£25,000+	6.45%	5.16%		£25,000+	2.70%	2.16%
	£10,000+	6.40%	5.12%		£10,000		

	Gross% ⁴
£10,000 and above	6.25
£5,000 to £9,999	5.75
£500 to £4,999	5.00

BANKING DIRECT
Annual rate of interest payable without the deduction of lower rate tax to eligible non-taxpayers available. Interest rates subject to variation.

*Gross. The annual rate of interest payable without the deduction of lower rate tax to eligible non-tax-payers. Interest payable annually (monthly option available). Interest rates subject to variation.

sport

COUNTDOWN TO WIMBLEDON: Tim Henman's success has turned life upside down for his coach, as he tells John Roberts

Felgate the fall guy for the nation

When the nation expects, heaven help anybody who fails to deliver. Not long ago that dictum scarcely applied to tennis, chiefly because the nation had forgotten what it was supposed to be expecting. A memo was issued once a year along with a list of the British wild card entries for Wimbledon.

The advent of Tim Henman has changed the perception. The nation probably expects too much of the young man from Oxford, who has become one of the world's top 20 players since advancing to the quarter-finals at the All England Club last year.

Accordingly, Henman's coach, David Felgate, has acquired guru status. Although not quite elevated to the win-or-bust prominence of a national football manager or coach, he does carry a weight of responsibility. While Felgate is unlikely to be depicted as a turnip, a strawberry cannot be ruled out.

"Pressure," the 33-year-old Felgate says, savouring the word. "That's the fun part, isn't it. I'm quite happy to take all the success with Tim, but if things go badly I know... well, not that my head's on the block, because Tim and I have a good relationship, but you [media] guys, or whatever, are going to say things. And that's fine, because that's what drives me on, personally."

"If Tim starts losing, they'll all want to know why. And they'll look at Tim first. And then is it me? Or then, is he spending too much time for his contracts? All of those things. The most important thing is Tim and I know where we're headed and the reasons behind it. We're honest with each other."

Two particular memories of Felgate are called to mind, the first from his time as a player, the second when he was a budding coach.

The opening day at Wimbledon in 1988 saw 20 aces from Boris Becker against Australia's John Frawley and a service return from the German which struck the netcord judge, Rachael Boley, in the ribs. Becker chivalrously tended to her.

Felgate, meanwhile, was aged 20 times on Court No 1 while playing his first, and last, match in the Wimbledon singles. The British No 9 from Essex was defeated by Ivan Lendl, runner-up for the previous two years, 6-4, 6-1, 6-3, in 83 minutes.

Par for the course for a Brit with a wild card? "Yes, it was," Felgate says. "I don't look back on my career, or indeed that particular occasion, with any great delight, to be really honest."

"You sit in a pub with somebody. 'What did you do?' 'Well, I played professional tennis. 'Did you ever play Wimbledon?' 'Yes, I played Wimbledon, played the Australian Open, where I qualified on merit, played the top 100 in doubles'."

"So I did achieve. If you put it in the context of professional footballers, there's 200 players in the First Division alone, aren't there? So there's a chance I might have been on a squad there, or played in the Second Division or something."

"I was an athlete, a sportsman. But I don't look back. I'm a coach now. And they have no bearing on each other in a lot of ways. I mean, I learnt a lot from it, and I was always interested in coaching."

"Yes, it was par for the course, and I can get angry a little bit when I look back on it, because I was so ill-prepared, in my opin-



David Felgate (right) and Tim Henman share a light-hearted moment as the pressure builds towards Wimbledon

Photograph: Peter Jay

ion, I wouldn't lay blame with the LTA [Lawn Tennis Association]. Everybody was doing the best they knew how at the time, I think, for everybody concerned. But I was so ill-prepared, not just for that occasion, but things in general. And we didn't view ourselves confidently enough. I only realise it now. I didn't view myself negatively at the time."

"I went out there [to play Lendl] believing that I could win that day. I know I did, because I know my feelings. I said, 'Well, if you're ever going to get him, it's first round'. But there wasn't the real conviction. And I don't think people around me, the coaches, really believed I could, so nobody's really instilling it in you. Whereas I think that the group who will be out to play at Wimbledon this year, no matter who they play, will have the coaches around them wholeheartedly believing, 'Hey, we've got a shot!'"

"Let's not forget that Jeremy [Bates] had three or four pretty good years at the end of his career, so he was always the standard bearer, and Mark [Petchey] has dabbled with the top 100 for a little bit."

"It was Greg [Rusedski] and Tim who gave us a feelgood factor. People might say, 'Yes, but take those two away...'. But you can't take them away. It's like saying take Becker and Stich away from Germany. It's a stupid argument."

While Felgate was developing his coaching career with the LTA at Bisham Abbey, he would take the opportunity to watch England's footballers train there. It was around that time that Graham Taylor's reign as the national team manager was beginning to show signs of stress.

"You can learn from every sport," Felgate, a keen Arsenal supporter, says. "I like to watch how they go about it. I watch the tactics, I watch people's skills. And I watch

the interaction. That's fascinating. You read in the papers that X doesn't get along with Y. I say to myself, 'Does he not? Well, that's interesting', and take a look for myself."

His view of those England sessions? "I suppose what struck me was they weren't as advanced as I thought they would be. And being from a sport where personal trainers were coming in, and diets are taken very seriously, I thought, 'God, this is very basic'. You only read about it, but maybe things have moved on."

Did he imagine that his coaching would take on such a high profile? "I dreamt of it, and was working towards it. I knew that if I was going to stay in coaching I wanted to be on the international tour, which is no disrespect to the coaches who work with some of the youngsters. I knew where I wanted to be and where I could be best used. It comes back to my view that the tour

is not just about how you hit your forehand or how you hit your backhand."

Stefan Edberg's long and fruitful association with Tony Pickard, from Nottingham, is a good example of the blending of technical and psychological skills.

"Exactly," Felgate says. "It's quite amusing sometimes to watch matches and a few of you [media] guys around say, 'His serve let him down today, didn't it?' And I'm just going to go along with, 'Yeah, it did, didn't it'. But I know it had nothing to do with that. I know it's something internal. That's something you develop. You can't force it. That's why some coaching relationships don't work on the tour."

"It's important, for example, to know when to say what in certain situations, at certain times and in certain moods within a tournament. There are times when I might want to analyse something, but he's got a

match the next day, and he's still won, and I think to myself, 'David, just shut up. Just get him built up for tomorrow'."

Has it become increasingly difficult to rationalise the external demands created by Henman's progress? "That's what you play for," Felgate says. "You know if you're going to be good, you're going to have fame. It's a little bit irritating when sportsmen say, 'Oh, I didn't know all this was going to go with it, or I don't like the limelight'. Well, don't play it. Play for fun, if you want to, because in the world of sport today, if you're successful, that's what goes with it."

"Everybody wants more [of Tim's time], which is fine, which is understandable. What makes us laugh is that you almost sense with the British that a player could win the other three Grand Slams in a year and they would say, 'But he didn't win Wimbledon'. It's like unless you win the sacred crock, it doesn't matter. That is wrong."

"It all comes back to, 'But can he win Wimbledon? Will he win Wimbledon?' When will he win Wimbledon? It should be about enjoying everything else that's going on [in tennis], and if he does it, great."

"It's getting blown out of proportion, and that's fine, because it's not worrying me or Tim. He's a known entity now, so, yes, his odds will be a lot shorter than they were last year. If people would talk about it in terms of his career - has he got a chance in his career to do it? - for me that's acceptable. The build-up to this year is a little bit silly."

Felgate endeavours to make light of talk that Henman will eventually outgrow his coach and be persuaded to seek guidance elsewhere.

"I used to get upset by it, but it makes me laugh, because the people who make those comments are not very factual. What was Tony Pickard before he met Stefan Edberg? Had he ever been a great player? Had he ever coached anybody? Bob Brett? He was never even a player. Who did Tim Gullikson coach before he coached Sampras? Who did Annacone coach before he coached Sampras. Who did Higuera coach before he coached Courier?"

Who coaches Michael Chang? "His brother."

Who coached Chang before his brother? "His father. We most probably could go through them all..."

"The comments that hurt most, that irritate me, are when they are very close to home - ex-players of a bygone era at home. 'Oh, Tim's got to get rid of him', or 'I'd go out and see who the best coach is out there'. All that makes you realise these people haven't a clue about the game of tennis. They're legends in their own minds, I'm afraid to say."

"I'm sure we'll get it around Wimbledon. Somebody will say, 'I always knew Tim was going to be a champion'. They didn't know did they? They just didn't. Because if they did they should have stood up when he was 14 or 15 and told you all. And nobody did."

"When I first started with Tim, I suppose a place in the top 100 was a goal for the players. We didn't have many there. But I didn't know, and he didn't know, whether he was going to be good, bad or indifferent. It was just a case of, 'Let's go to work each day and do what it takes to be a professional'. And, honestly, that's all we've done, and the ball started rolling."

Small Fry



Sampras wary of Rusedski

GUY HODGSON reports from Nottingham

Wayne Ferreira may not rate Greg Rusedski too highly but he received an endorsement from a more elevated source yesterday. Pete Sampras, the world No 1 and three times the Wimbledon champion, regards the British No 2 as among his most dangerous opponents.

Sampras, who is practising at the All England Club in preparation for next week's championships said: "Rusedski is the one that is tough to play with that lefty serve. Anyone who can serve real big is always someone you are kind of on an edge to play."

The two players met in the final at San Jose in February when Rusedski took a set off the American only to retire with

wrist injury at 0-5 down in the second set. Yesterday Sampras conceded he could have lost that match if his opponent had remained fit. "If he had kept up the way he played in the first set he could easily have beaten me," he said. "He was playing top 10 tennis easily throughout the tournament beating Michael Chang and Andre Agassi."

This assessment comes as a contrast to Ferreira, the 15th seed at Wimbledon, who was reported to have described Rusedski as a big server with little else of substance to reinforce that power. "I have no sympathy for Greg and his style of play," he was quoted as saying. "He's fortunate to have got so far in the game. Tim Henman is a far more talented player."

Rusedski, who could not get on court at the Nottingham Open yesterday to play his quarter-final against Australia's Jason Stoltenberg because of rain, has improved his world ranking from 48 at the start of the year to 37. At Queen's last week, where he reached the semi-finals, he suggested he will be a dangerous floater at Wimbledon if he can get past the equally strong serve of Australian Mark Philippoussis.

Rusedski is rescheduled to play on Centre Court today after Henman finishes his quarter-final with the South African, Grant Stafford. After two interruptions for rain, the score stood at 6-3, 3-6 last night.

Anyone familiar with the British No 1's play this week will not be surprised to learn he mixed the good with the bad. In the previous rounds he had begun brightly and faded and, as a variation, he did the opposite.

Henman is the highest surviving seed although there was little evidence of that when he surrendered his first service game with a double-fault. Stafford did the same three games later only for Henman to repeat the lapse immediately.

With the rain spitting down, things looked even bleaker for Henman when he had two break points against him in the fifth game of the second set. Three aces rescued him then and the weather completed the salvation operation because he came out of the first interruption like a different man.

Where his service had been as much miss as hit, he suddenly found his range and in the four games that were possible he wrapped up the set 6-3 with his eighth ace of the match so far.

Seles on the rack Krajicek warming up

JOHN ROBERTS reports from Eastbourne

If Monica Seles was seeking a tough work-out prior to Wimbledon, it came yesterday in the powerful shape of Brenda Schultz-McCarthy in the quarter-finals of the Direct Line Championships.

Seles's prospects of making a successful defence of the only grass-court title of her career was in the balance when rain ended play for the day with her Dutch opponent leading, 7-5, 2-2.

Broken while serving for the opening set at 5-3, Seles was made to appear sluggish once Schultz-McCarthy gained confidence in her own deliveries.

The second set was going with serve, and in analysing the course of events before stepping out again today, Seles would do

well to remind herself that she lost sets in three of her four previous victories against Schultz-McCarthy.

Their first encounter, and the only other occasion they met on grass, was in the first round at Wimbledon in 1989, Seles prevailing, 7-6, 1-6, 6-4.

In the only other quarter-final to get under way yesterday, Natasha Zvereva, of Belarus, led Nathalie Tauziat, of France, 6-4. Weather permitting, two rounds of the tournament will be played today. Play is due to commence at 11 am.

Bjorn Borg, the five times Wimbledon champion from Sweden, beat Argentina's Guillermo Vilas 5-7, 6-4, 10-8 (tiebreak final set), on the opening day of the ATP Senior Tour in Prague. The four-day event includes only Grand Slam or Davis Cup winners over 35 years of age.

Richard Krajicek looks to be peaking at the right time for the defence of his Wimbledon title. The Dutchman demolished German Hendrik Dreckmann 6-0, 6-3 yesterday in the second round of the Heineken Trophy grass-court tournament in Rosmalen, the Netherlands.

Krajicek took just 20 minutes and three break points to whitewash the first set, clinching it with a full-stretch forehand retrieved from the corner of the court.

Dreckmann found it impossible to read Krajicek's service, which constantly varied in power and placement, and the big Dutchman looked mobile and confident. Krajicek now meets the Czech Martin Damm.

The top-seeded American Michael Chang plays his quarter-final today against the No 8

seed, Spaniard Francisco Clavet.

Earlier in the day on centre court, the top women's seed, Anke Huber of Germany, needed three sets to clinch a semi-final place, beating the Belgian No 5 seed, Sabine Appelmans, 6-2, 4-6, 7-6.

Huber will line up in today's semi-finals against the in-form unseeded Dutchwoman Miriam Oremans, who upset the fourth seed, Karina Habšuda of Slovakia, 6-2, 7-5.

The French second seed, Mary Pierce, pulled out of the tournament yesterday morning, with a strained right elbow and Asa Carlson went into the semi-finals on a walkover.

Carlson now meets the Romanian third seed, Ruxandra Dragomir, who struggled past the Belgian Dominique Van Roost 6-1, 2-6, 6-4.

Big Time

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